

**Tetley Polska Sp. z o.o.**

**Independent Registered Auditor's Opinion**

**Financial Statements**

**Directors' Report**

**Independent Registered Auditor's Report**

**For the period from 1 April 2009 to 31 March 2010**

**The document includes:**

**Independent Registered Auditor's Opinion**

prepared by PricewaterhouseCoopers Sp. z o.o.

**Financial Statements**

prepared by Tetley Polska Sp. z o.o.

**Directors' Report**

prepared by the Board of Tetley Polska Sp. z o.o.

**Independent Registered Auditor's Report**

prepared by PricewaterhouseCoopers Sp. z o.o.

## **TRANSLATORS' EXPLANATORY NOTE**

The following document is a free translation of the registered auditor's opinion and report of the above-mentioned Polish Company. In Poland statutory accounts must be prepared and presented in accordance with Polish legislation and in accordance with the accounting principles and practices generally used in Poland.

The accompanying translated report has not been reclassified or adjusted in any way to conform to accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancy in interpreting the terminology, the Polish language version is binding.

### **Independent Registered Auditor's Opinion**

#### **To the General Shareholders' Meeting of Tetley Polska Sp. z o.o.**

We have audited the accompanying financial statements of Tetley Polska Sp. z o.o. (hereinafter referred to as "the Company"), Warsaw, ul. Żołny 33, which comprise:

- (a) the introduction;
- (b) the balance sheet as at 31 March 2010, showing total assets and total equity & liabilities of PLN 47,009,584.45;
- (c) the income statement for the financial year from 1 April 2009 to 31 March 2010, showing a net loss of PLN 4,448,432.53;
- (d) the statement of changes in equity for the year ended from 1 April 2009 to 31 March 2010, showing an increase in the equity of PLN 4,551,567.47;
- (e) the cash flow statement for the financial year from 1 April 2009 to 31 March 2010, showing net cash inflows of PLN 635,491.68;
- (f) the additional notes and explanations.

The Company's Management Board is responsible for preparing financial statements and a Directors' Report which comply with the applicable laws.

The Company's Management Board is obliged to ensure that the financial statements and the Directors' Report meet the requirements set out in the Act of 29 September 1994 on accounting ("Accounting Act" – Journal of Laws of 2009, No. 152, item 1223, as amended).

Our responsibility was to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the following:

- (a) the provisions of Chapter 7 of the Accounting Act;
- (b) the national auditing standards issued by the National Board of Registered Auditors in Poland.

**Translation only**

## **Independent Registered Auditor's Opinion**

### **To the General Shareholders' Meeting of Tetley Polska Sp. z o.o. (cont.)**

Our audit was planned and performed to obtain reasonable assurance that the financial statements were free of material misstatements and omissions. The audit included examining, on a test basis, accounting documents and entries supporting the amounts and disclosures in the financial statements. The audit also included an assessment of the accounting policies applied by the Company and significant estimates made in the preparation of the financial statements as well as an evaluation of the overall presentation thereof. We believe that our audit provided a reasonable basis for our opinion.

The information in the Directors' Report for the financial year from 1 April 2009 to 31 March 2010 takes account of the provisions of the Accounting Act and is consistent with the information presented in the audited financial statements.

In our opinion, and in all material respects, the accompanying financial statements:

- (a) have been prepared on the basis of properly maintained accounting records, in accordance with the applicable accounting policies;
- (b) comply in terms of form and content with the applicable laws and the Company's Memorandum of Association;
- (c) give a fair and clear view of the Company's financial position as at 31 March 2010 and of the results of its operations for the financial year from 1 April 2009 to 31 March 2009, in accordance with the accounting policies applicable in the Republic of Poland, specified in the Accounting Act.

Without qualifying our opinion on the truth and fairness of the audited financial statements, we would like to draw your attention to the fact that, as indicated in point 5 of the Introduction to the financial statements, the Company's Management Board prepared financial statements for the financial year on the going concern basis, although the accumulated losses for prior years and the loss for the current year, amounting to PLN 16,274 thousand, exceeded the amount of supplementary capital and half of the share capital. In such a situation the Company's Management Board is obliged – in accordance with the requirement stipulated in Art. 233 of the Code of Commercial Companies – to immediately convene the General Shareholders' Meeting to pass a resolution regarding the Company's future existence. By the date of this opinion no resolution based on Art. 233 of the Commercial Companies Code had been adopted.

**Translation only**

## **Independent Registered Auditor's Opinion**

### **To the General Shareholders' Meeting of Tetley Polska Sp. z o.o. (cont.)**

On 21 September 2009, by resolution No. 8, the Annual Shareholders' Meeting of the Company decided on the Company's future existence in respect of the financial statements drawn up for the financial year ended 31 March 2009. At the same time, the Company's sole shareholder, in its letter dated 6 May 2010, confirmed in writing to the Company's Management Board its readiness to provide support for the Company to continue in operation.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., registered audit company no. 144:

Wojciech Maj

Key Registered Auditor  
No. 6128

Warsaw, 25 May 2010

**Translation only**





***Notes to the financial statements***

*TETLEY Polska Sp. z o.o.*

*ul. Żołny 33*

*02-815 Warsaw*

**Introduction to the financial statements  
for the period from 1 April 2009 to 31 March 2010  
of TETLEY Polska Sp. z o.o.**

**1. Name, registered office, core business of the entity and court or body which maintains the register.**

Name: TETLEY Polska Sp. z o.o.

Registered office: Warsaw, ul. Żołny 33, 02-815 Warsaw

Register of Businesses: KRS no. 0000030868, District Court in Warsaw, 13th Business Department of the National Court Register.

Regon: 010611629

NIP (Tax Identification Number) 527-00-24-800

In accordance with the data in the National Court Register, the Company's business is:

- manufacturing other foodstuffs;
- manufacturing corrugated paper and corrugated carton, and packaging made of paper and carton;
- sales on commission;
- wholesale trading in food, beverage and tobacco goods;
- non-specialized wholesale trading;
- retail sales in non-specialist stores, with majority of sales of food, beverages and tobacco goods;
- retail sales of other food in specialized stores;
- retail sales outside store network, stalls and markets;
- warehousing and storing of other goods;
- other service activities in the area of information;
- other business and management advisory services;
- advertising;
- market research and public opinion polls;
- other professional, academic and technical activities not classified elsewhere;
- lease of intellectual property and similar products with the exclusion of works protected by copyright;
- commercial activities, not classified elsewhere.

**2. The duration of the entity is specified in the Deed of Incorporation**

TETLEY Polska Sp. z o.o. was established by drawing up a Notarial Deed in the Notary Public's Office of Czesława Kolcun in Warsaw on 4 February 1994 (Rep. A-1100/94. As stated in the Memorandum of Association, the duration of the Company is unlimited.

**3. Period covered by the financial statements**

TETLEY Polska Sp. z o.o. hereby presents its financial statements for the 12-month period from 1.4.2009 to 31.3.2010.

**4. The financial statements do not include any cumulative data.**

In the current financial year, no internal organizational entities were part of the Company which would be obliged to prepare independent financial statements, therefore the entity was not obliged to prepare cumulative financial statements.

The ultimate parent company controlling Tetley Polska is Tata Tea Limited with its registered office in India, 1 Bishop Lefroy Road, Calcutta, 700 200. The consolidated financial statements covering the Company is also prepared by Tata Tea (GB) Limited with its registered office in the United Kingdom, 325 Oldfield Lane North, Greenford, Middlesex.

##### 5. Going concern and consistency of principles applied.

The financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. There are no circumstances indicating any serious threats to its continuing in operation.

The accounting principles adopted in preparing the financial statements comply with the Accounting Act of 29 September 1994 – consolidated text, Journal of Laws of 2009, No. 152, item 1223.

In connection with the amendments to the accounting policies as of 1 January 2009 and the issuance of Polish Accounting Standard No. 6: On the basis of art. 39.2a of the Accounting Act, the accruals referred to in art. 39.2.2 are presented in liabilities, in "Provisions for liabilities", including specifically:

- accruals relating to all types of benefits accrued in respect of employees;
- accruals relating to future benefits to person or persons unknown (other than the employees), the amount of which may be reliably assessed.

The accruals referred to in art. 39.2.1. are presented in liabilities, under item III.2.d of equity and liabilities, "Trade payables".

Due to the above changes, the Company changed the manner of presenting comparative data for 2008 according to the binding standards.

The impact of presentation changes on the accruals recognized in the balance sheet in 2009 on the balance sheet for 2008:

	31.03.2009	31.03.2010
	Before changes to the accounting policies	After changes to the accounting policies
Provision for pensions and similar benefits	0.00	39 107.00
Costs of unused holiday-pay	0.00	39 107.00
Other	0.00	0.00
Trade payables	0.00	3 705 326.84
trade payables	0.00	3 705 326.84
Accruals	3 744 433.84	
<b>Total:</b>	<b>3 744 433.84</b>	<b>3 744 433.84</b>

On the basis of Resolution No. 8 dated 21 September 2009 passed by the Ordinary General Shareholders' Meeting of TETLEY Polska Sp. z o.o., and in accordance with art. 233 of the Commercial Companies Code, as well as based on the data from the financial statements for the period from 1 April 2008 to 31 March 2009 and on the Company's Directors' Report, it was determined that TETLEY Polska Sp. z o.o. with its registered office in Warsaw would continue to exist.

The above is also confirmed by a letter received from Tata Tea (GB) Limited with its registered office in the United Kingdom, 325 Oldfield Lane North, Greenford, Middlesex on 6 May 2010.



**6. Information on the financial statements in the event of a business combination.**

On 20 March 2009, an agreement was signed based on which TETLEY Polska Sp. z o.o. acquired an organized part of the business of Premium Foods S.A. and Premium Foods Marketing Services Sp. z o.o. Premium Foods S.A.

**7. Discussion of adopted accounting policies, including methods of valuation of assets and liabilities (including amortization and depreciation), measurement of the profit/loss and the method of preparing the financial statements in the scope in which the Act allows the entity the right of selection.**

The accounting policies adopted in the preparation of the financial statements comply with the Accounting Act of 29 September 1994 with subsequent amendments which, among other things, determines accounting policies for entities with their registered office or place of management in the territory of the Republic of Poland.

The Company records costs in group 4 records (by type) and prepares its income statement by type of expenditure.

The Company presents its cash flow statement using the indirect method.

In its financial statements the Company discloses business events in accordance with their economic substance.

The Company's result for the financial year comprises all the revenues earned and granted to the entity and the related costs recorded on an accruals basis, in accordance with the matching and prudence principle.

**Applied valuation methods:**

**Tangible fixed assets and intangible assets**

a) *intangible assets which include property rights* used by the Company in running its business, whose expected economic useful life is longer than one year - are stated at cost of purchase net of accumulated amortization;

b) *fixed assets* constituting non-current assets and their equivalents with an expected economic useful life of longer than one year, ready for use and earmarked for the entity's needs – are valued at acquisition cost net of accumulated depreciation and impairment write-downs.

All the assets are disclosed in the financial statements at their net book values, i.e. at the initial value net of accumulated depreciation. The initial value of a fixed asset comprises all the costs incurred by the entity over the period of construction, assembly, improvement and making the asset ready for use.

Impairment is recorded when there is a high probability that a tangible fixed asset controlled by the entity will not render a significant portion or all of the expected economic benefits in the future. In the event of earmarking a given asset for scrapping, discontinuing its use for other reasons which give rise to the impairment of such a fixed asset, a write-down is recognized as part of other operating expenses.

The basis for charging depreciation or amortization is the depreciation/amortization plan determining the rates and amounts of annual charges of particular fixed assets, taking into account the period of economic useful lives of particular non-current assets. Depreciation and amortization are recognized on a straight line basis.

The correctness of the economic lives and other data adopted for the purpose of an amortization/depreciation plan is verified periodically by the entity's manager which

leads to an appropriate adjustment of the annual amortization/depreciation rates and amounts as of the first month of the consecutive financial year.

The Company applies the following annual depreciation rates for the principal categories of fixed assets:

- plant and machinery 14% - 30%
- vehicles 17% - 20%
- other fixed assets 10% - 20%

Amortization rates in respect of assets which comprise computer licences, goodwill and copyrights amount to 20%-50%.

Leasehold improvements are depreciated at a rate of 10%.

Assets with an expected economic useful life of up to one year and an initial value of up to PLN 3,500 are fully depreciated on a one-off basis as of the first day of the month following the month in which they were commissioned for use (CIT Act art.16d).

### **Investments**

- c) *short-term investments* are stated at the lower of cost and market price (value), and short-term investments for which there is no active market are stated at fair value determined otherwise.

Investments include assets purchased to gain economic benefits resulting from an increase in the value of the assets, earning income on them in the form of interest, dividend or other benefits, including also from trading, and specifically financial assets and real estate and intangible assets which are not used by the entity but have been purchased to earn benefits.

The market price, less transaction costs (if they are significant) is the fair value of financial instruments traded on an active market.

The effects of an increase or decrease in value of short-term investments stated at market prices (values) are recognized in financial income or costs respectively.

In respect of short-term investments at the lower of cost and net realizable value or at fair value, the effects of a reduction in their value are charged to financial costs at the full amount, and the effects of an increase in value are included in financial income at an amount no higher than the amount of the difference which had previously been charged to financial costs.

### **Receivables**

- d) as at the balance sheet date, *receivables* are valued at the amount due including accrued default interest, and recognized at their net values (i.e. net of write-downs).

Receivables are written down taking into consideration the probability of their payment. Write-downs are recorded in other operating expenses or financial costs depending on the type of receivables to which the write-down relates.

Taxation, subsidy, social insurance and similar receivables are stated at amounts due on the basis of regulations, agreements and other documents, in recognition of Note k.

Receivables are considered long-term if their repayment period as at the balance sheet date is shorter than one year.

### **Inventories**

- e) *Inventories* are valued at the lower of the cost of their acquisition or manufacture and their net realizable value as at the balance sheet date.

Write-downs of inventories due to their impairment or caused by the valuation at net realizable value instead of cost of purchase or manufacture are included in other operating expenses.

### **Monetary assets**

- f) *monetary assets* which are valued at par and disclosed including interest accrued include cash in hand and in bank, cash deposits maturing within 3 months and cheques, bills of exchange and similar documents maturing within 3 months. Monetary assets also include accrued interest on financial assets.

Interest received and receivable is included in income from financing operations.

In the cash flow statement, cash flows relating to the open overdraft facility are divided into cash inflows and cash outflows and presented separately.

### **Prepayments and accruals**

- g) Prepayments include costs relating to periods later than the period in which they were incurred. The timing and method of recognition in the income statement corresponds to the nature of the expenses recognized, taking account of the prudence principle.

Accruals are recognized at the amounts of likely liabilities which relate to the current reporting period, in particular with regard to:

- goods and services provided to the Company by its suppliers, if the amount of liability can be reliably estimated,
- the obligation to provide, in the future, goods and services, relating to current activities, to unknown persons, the amount of which can be estimated even though the timing of a liability is not yet known.

Accruals are recognized in the income statement on a pro rata basis and in proportion to the goods or services provided. The timing and method of recognition in the income statement corresponds to the nature of the expenses recognized, taking account of the prudence principle.

Deferred income is recognized by taking account of the prudence principle and in particular includes the following: amounts increasing receivables and claims until they have been received, settled or written off.

### **Equity**

- h) *equity* comprises share capital, supplementary capital and capitals set up by the Company in accordance with the binding legal regulations, Memorandum of Association and Resolution of the General shareholders' Meeting, including the amount resulting from retained earnings.

The Company's share capital is stated at the amount compliant with the Memorandum of Association and entered into the commercial register, at its nominal value.

Capital contributions declared but not paid in are recognized as share capital not paid up.

Additional payments to capital which had been resolved but were not made are recognized in reserves not paid up (negative value).

Supplementary capital constitutes share premium, other amounts in compliance with the binding legal regulations or Notarial Deed and financial results transferred to the supplementary capital in accordance with the resolution of the General Shareholders' Meeting.

Retained earnings / accumulated losses comprise the profits and losses from previous periods which were not settled based on resolutions of the General Shareholders' Meeting.

### **Liabilities**

- i) *Liabilities* are stated at amounts due, including interest payable as at the balance sheet date.

*This interest is charged to financial costs.*

Liabilities are considered long-term if their repayment period as at the balance sheet date is longer than one year and short-term if their repayment period as at the balance sheet date is shorter than one year.

### **Foreign currency transactions**

- j) *As at the balance sheet date, assets and liabilities denominated in foreign currencies* are valued using the mid NBP exchange rate binding for a given currency as at that date.

During the financial year, the following transactions denominated in foreign currencies are recognized in the books of account:

- cash, payment of receivables and liabilities – at the buy and sell rate of the bank servicing the Company;
- receivables and liabilities – at the NBP mid exchange rate for the given currency as at the day preceding the transaction date;

Foreign exchange differences which arise upon payment and as at the balance sheet date are recognized in financial income and costs.

### **Sales revenue**

Sales revenue is recognized at the time goods are delivered or services are provided. Sales are recognized net of value-added taxes or any discounts allowed.

### **Mandatory charge on profit**

Mandatory charges to profit constitute current and deferred corporate income tax (in accordance with the CIT Act) and other equivalent payments charged on the basis of other regulations.

Corporate income tax is calculated on profit before tax on the basis of the provisions of the Accounting Act, adjusted by non-taxable income, non-deductible costs and deductions of prior year losses, investment reliefs and donations.

Deferred tax provisions are recognized and deferred tax assets determined in respect of temporary differences between the book values of assets or liabilities and their tax bases and tax loss carryforwards.

Deferred tax assets are determined at the amount of corporate income tax recoverable in the future in respect of deductible temporary differences which will result in a lower tax base in the future, taking account of the prudence principle.

A deferred tax provision is recognized at the amount of corporate income tax payable in the future in respect of taxable temporary differences, i.e. differences which will result in a higher tax base in the future.

Deferred tax provisions and assets are measured using the tax rates applicable in the year in which the related tax obligation arises.

A deferred tax expense or income recognized in the income statement is the difference between deferred tax provisions and assets as at the beginning and end of a given reporting period, but deferred tax provisions or assets relating to transactions which are credited or charged to equity are also credited or charged to equity.

Temporary differences include provisions, tax loss carryforwards and unrealized foreign exchange differences.

### **Impact of the global crisis on the Company's results**

The ongoing global liquidity crisis which commenced in the middle of 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the financial sector, and, at times, higher interbank lending rates and very high volatility in stock markets. The uncertainties in the global financial markets have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

Management is unable to reliably estimate the effects on the Company's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Company's business in the current circumstances.

The availability of loans decreased significantly. These circumstances may impact the Company's ability to obtain new loans and refinance the former loans on terms and conditions similar to those binding for the previous transactions.

**Tetley Polska Sp. z o.o.****Balance sheet as at 31.03.2010**

Assets	31.03.2010	31.03.2009	Change
<b>A. Non-current assets</b>	<b>8 312 374,76</b>	<b>331 100,76</b>	<b>7 981 274,00</b>
<b>I. Intangible assets</b>	<b>5 717 165,88</b>	<b>261 347,46</b>	<b>5 455 818,42</b>
2. Goodwill	5 218 974,83	0,00	5 218 974,83
3. Other intangible assets	498 191,05	261 347,46	236 843,59
4. Prepayments for intangible assets	0,00	0,00	0,00
<b>II. Tangible fixed assets</b>	<b>2 595 208,88</b>	<b>69 753,30</b>	<b>2 525 455,58</b>
1. Fixed assets	2 595 208,88	69 753,30	2 525 455,58
b) Buildings, offices, apartments, civil engineering facilities	95 745,32	0,00	95 745,32
c) Plant and machinery	221 263,97	13 286,16	207 977,81
d) Vehicles	2 266 408,59	35 558,93	2 230 849,66
e) Other fixed assets	11 791,00	20 908,21	-9 117,21
<b>B. Current assets</b>	<b>38 697 209,69</b>	<b>38 801 395,46</b>	<b>-104 185,77</b>
<b>I. Inventories</b>	<b>6 881 307,61</b>	<b>5 582 804,39</b>	<b>1 298 503,22</b>
1. Materials	80 743,14	0,00	80 743,14
4. Goods for resale	6 800 564,47	5 582 804,39	1 217 760,08
<b>II. Short-term receivables</b>	<b>30 723 860,88</b>	<b>31 478 598,35</b>	<b>-754 737,47</b>
2. Receivables from other entities	30 723 860,88	31 478 598,35	-754 737,47
a) Trade receivables, due:	30 401 359,44	30 534 109,51	-132 750,07
- up to 12 months	30 401 359,44	28 989 586,51	1 411 772,93
- more than 12 months	0,00	1 544 523,00	-1 544 523,00
b) Taxation, subsidy, customs duty, social and medical insurance and other benefits receivable	101 523,00	819 425,00	-717 902,00
c) Other	220 978,44	125 063,84	95 914,60
<b>III. Short-term investments</b>	<b>663 312,31</b>	<b>5 247,19</b>	<b>658 065,12</b>
1. Short-term financial assets	663 312,31	5 247,19	658 065,12
c) Cash, cash equivalents and other monetary assets	663 312,31	5 247,19	658 065,12
- Cash in hand and at bank	663 312,31	5 247,19	658 065,12
<b>IV. Short-term prepayments and deferred costs</b>	<b>428 728,89</b>	<b>1 734 745,53</b>	<b>-1 306 016,64</b>
<b>Total assets</b>	<b>47 009 584,45</b>	<b>39 132 496,22</b>	<b>7 877 088,23</b>

Date

Signature of the person entrusted with  
maintaining the books of account

Date

Management signatures

**Tetley Polska Sp. z o.o.****Balance sheet as at 31.03.2010**

Equity and liabilities	31.03.2010	31.03.2009	Change
<b>A. Equity</b>	<b>2 689 445,11</b>	<b>-1 862 122,36</b>	<b>4 551 567,47</b>
I. Share capital	18 959 400,00	9 959 400,00	9 000 000,00
IV. Supplementary capital	3 871,13	3 871,13	0,00
VII. Retained earnings/(Accumulated losses)	-11 825 393,49	-8 827 214,79	-2 998 178,70
VIII. Net profit/(loss)	-4 448 432,53	-2 998 178,70	-1 450 253,83
<b>B. Liabilities and provisions for liabilities</b>	<b>44 320 139,34</b>	<b>40 994 618,58</b>	<b>3 325 520,76</b>
I. Provisions for liabilities	924 412,72	50 918,00	873 494,72
1. Deferred income tax provision	17 696,00	11 811,00	5 885,00
2. Provision for pensions and similar benefits	906 716,72	39 107,00	867 609,72
- short-term	906 716,72	39 107,00	867 609,72
II. Long-term liabilities	117 208,43	0,00	117 208,43
2. To other entities	117 208,43	0,00	117 208,43
c) Other financial liabilities	117 208,43	0,00	117 208,43
III. Short-term liabilities	43 266 254,94	40 943 700,58	2 322 554,36
1. To related entities	1 603 603,72	19 096 765,76	-17 493 162,04
a) Trade payables due:	1 603 603,72	3 663 890,76	-2 060 287,04
- up to 12 months	1 603 603,72	3 663 890,76	-2 060 287,04
b) Other	0,00	15 432 875,00	-15 432 875,00
2. To other entities	41 549 515,89	21 843 111,52	19 706 404,37
a) Loans and advances	9 193 810,84	3 513 304,54	5 680 506,30
c) Other financial liabilities	382 754,15	0,00	382 754,15
d) Trade payables due:	31 452 478,82	18 111 519,80	13 340 959,02
- up to 12 months	31 452 478,82	18 111 519,80	13 340 959,02
g) Taxation, customs duty, social insurance and other benefits payable	498 637,21	217 848,26	280 788,95
i) Other	21 834,87	438,92	21 395,95
3. Special funds	113 135,33	3 823,30	109 312,03
IV. Accruals	12 263,25	0,00	12 263,25
2. Other accruals and deferred income	12 263,25	0,00	12 263,25
- Short-term	12 263,25	0,00	12 263,25
<b>Total equity and liabilities</b>	<b>47 009 584,45</b>	<b>39 132 496,22</b>	<b>7 877 088,23</b>

Date

Signature of the person entrusted with  
maintaining the books of account

Date

Management signatures



**Tetley Polska Sp. z o.o.****Income statement for the year from 01.04.2009 to 31.03.2010**

	01.04.2009 - 31.03.2010	01.04.2008 - 31.03.2009
<b>A Net sales and sales equivalents, including:</b>	<b>91 835 650,65</b>	<b>55 546 976,50</b>
a To related entities	5 897,23	0,00
I Net sales of finished goods	2 760 625,68	0,00
IV Net sales of goods for resale and materials	89 075 024,97	55 546 976,50
<b>B Operating expenses</b>	<b>97 922 529,88</b>	<b>53 980 012,88</b>
I Amortization and depreciation	731 043,52	210 019,06
II Materials and energy used	3 255 342,62	119 941,06
III External services	14 537 059,52	13 538 989,05
IV Taxes and fees, including:	488 837,34	122 684,33
V Wages and salaries	8 022 259,71	924 023,90
VI Social insurance and similar charges	1 473 919,78	137 577,20
VII Other costs by type	5 945 625,24	644 512,35
VIII Cost of goods for resale and materials sold	63 468 442,15	38 282 265,93
<b>C Profit/(loss) on sales (A-B)</b>	<b>-6 086 879,23</b>	<b>1 566 963,62</b>
<b>D Other operating income</b>	<b>3 668 463,11</b>	<b>234 388,54</b>
III Other operating income	3 668 463,11	234 388,54
<b>E Other operating expenses</b>	<b>1 756 939,45</b>	<b>2 520 685,79</b>
I Loss on disposal of non-financial non-current assets	23 108,01	0,00
II Impairment of non-financial assets	75 390,21	1 848 161,78
III Other operating expenses	1 658 441,23	672 524,01
<b>F Operating profit/(loss) (C + D - E)</b>	<b>-4 175 355,57</b>	<b>-719 333,63</b>
<b>G Financial income</b>	<b>834 675,24</b>	<b>280,96</b>
II Interest, including:	255 645,42	280,96
V Other	579 029,82	0,00
<b>H Financial costs</b>	<b>555 453,20</b>	<b>2 303 592,03</b>
I Interest, including:	555 453,20	1 397 799,61
a From related entities	418 624,01	1 251 000,00
IV Other	0,00	905 792,42
<b>I Profit (loss) on ordinary activities before tax (F + G - H)</b>	<b>-3 896 133,53</b>	<b>-3 022 644,70</b>
<b>K Profit (loss) before tax (I +/- J)</b>	<b>-3 896 133,53</b>	<b>-3 022 644,70</b>
<b>L Income tax</b>	<b>552 299,00</b>	<b>-24 466,00</b>
<b>N Net profit/(loss) (K - L - M)</b>	<b>-4 448 432,53</b>	<b>-2 998 178,70</b>

Date

Signature of the person entrusted with  
maintaining the books of account

Date

Management signature:

**Tetley Polska Sp. z o.o.****Cash flow statement for the period from 1.04.2009 to 31.03.2010**

	01.04.2009 - 31.03.2010	01.04.2008 - 31.03.2009
<b>A. Cash flows from operating activities</b>		
I. Net profit/(loss)	-4 448 432,53	-2 998 178,70
II. Adjusted for:	16 506 364,27	1 728 655,74
1. Amortization and depreciation	1 774 838,52	210 019,06
2. Foreign exchange gains/(losses)	-22 573,44	0,00
3. Interest and participation in profits (dividends)	508 096,68	1 251 000,00
4. Gain/(loss) on investing activities	23 108,01	0,00
5. Increase/Decrease in provisions	873 494,72	14 641,00
6. Change in the balance of inventories	-1 298 503,22	2 786 835,12
7. Increase / decrease in receivables	754 737,47	-1 767 454,85
8. Increase/decrease in short-term liabilities, excluding loans and advances	12 574 885,64	2 081 596,71
9. Changes in prepayments and accruals	1 318 279,89	-2 896 454,64
10. Other adjustments	0,00	48 473,34
III. Net cash from operating activities (I±II)	12 057 931,74	-1 269 522,96
<b>B. Cash flows from investing activities</b>		
I. Inflows	117 335,23	0,00
1. Disposal of tangible fixed assets and intangible assets	117 335,23	0,00
II. Outflows	9 896 555,76	183 415,00
1. Purchase of intangible assets and tangible fixed assets	9 896 555,76	183 415,00
III. Net cash from investing activities (I-II)	-9 779 220,53	-183 415,00
<b>C. Cash flows from financing activities</b>		
I. Inflows	13 193 810,84	2 588 825,63
2. Loans and advances	13 193 810,84	2 588 825,63
II. Outflows	14 837 030,37	1 139 156,33
4. Payment of loans and advances	13 946 179,54	0,00
7. Payment of finance lease liabilities	382 754,15	0,00
8. Interest	508 096,68	1 139 156,33
III. Net cash from financing activities (I-II)	-1 643 219,53	1 449 669,30
<b>D. Net Increase/(decrease) in cash and cash equivalents (A.III±B.III±C.III)</b>	<b>635 491,68</b>	<b>-3 268,66</b>
<b>E. Change in cash and cash equivalents in the balance sheet, including:</b>	<b>658 065,12</b>	<b>-3 268,66</b>
- Change in cash and cash equivalents due to changes in exchange rates	22 573,44	0,00
<b>F. Cash and cash equivalents at beginning of period</b>	<b>5 247,19</b>	<b>8 515,85</b>
<b>G. Cash and cash equivalents at the end of the period (F±D), including:</b>	<b>640 738,87</b>	<b>5 247,19</b>
- restricted cash and cash equivalents	70 459,91	0,00

Date

Signature of the person entrusted with  
maintaining the books of account

Date

Management signatures

**Tetley Polska Sp. z o.o.****Statement of changes in equity for the period from  
01.04.2009 to 31.03.2010**

	01.04.2009 - 31.03.2010	01.04.2008 - 31.03.2009
<b>I. Equity as at the beginning of the period (OB)</b>	<b>-1 862 122,36</b>	<b>1 136 056,34</b>
I.a. Equity as at the beginning of the period (OB), as adjusted	-1 862 122,36	1 136 056,34
<b>1. Share capital as at the beginning of the period</b>	<b>9 959 400,00</b>	<b>9 959 400,00</b>
1.1. Changes in share capital	9 000 000,00	0,00
a) Increase (due to)	9 000 000,00	0,00
- Issue of shares	9 000 000,00	
<b>1.2. Share capital as at the end of the period</b>	<b>18 959 400,00</b>	<b>9 959 400,00</b>
<b>4. Supplementary capital as at the beginning of the period</b>	<b>3 871,13</b>	<b>3 871,13</b>
<b>4.2. Supplementary capital as at the end of the period</b>	<b>3 871,13</b>	<b>3 871,13</b>
<b>7. Retained earnings/(Accumulated losses) as at the beginning of the period</b>	<b>-8 827 214,79</b>	<b>-7 043 441,15</b>
7.4. Accumulated losses as at the beginning of the period,	-8 827 214,79	-7 043 441,15
- Correction of fundamental errors		
7.5. Accumulated losses as at the beginning of the period, as adjusted	-8 827 214,79	-7 043 441,15
a) Increase (due to)	-2 998 178,70	0,00
- transfer of prior year loss	-2 998 178,70	-1 783 773,64
b) Decrease (due to):		
7.6. Accumulated losses as at the end of the period	-11 825 393,49	-8 827 214,79
<b>7.7. Retained earnings/(Accumulated losses) as at the end of the period</b>	<b>-11 825 393,49</b>	<b>-8 827 214,79</b>
<b>8. Net profit/loss</b>	<b>-4 448 432,53</b>	<b>-2 998 178,70</b>
b) Net loss	-4 448 432,53	-2 998 178,70
<b>II. Equity as at the end of the period (CB)</b>	<b>2 689 445,11</b>	<b>-1 862 122,36</b>
<b>III. Equity, as adjusted for the proposed appropriation of profit (offset of loss)</b>	<b>2 689 445,11</b>	<b>-1 862 122,36</b>

Date

Signature of the person entrusted with  
maintaining the books of account

Date

Management signatures

## Additional notes and explanations

### 1. Additional notes and explanations to the balance sheet

**1.1.** The detailed scope of changes in the value of particular groups of fixed assets, intangible assets and long-term investments, including the balances as at the beginning of the financial year, increases and decreases in respect of impairment write-downs, purchase, reclassification and the closing balance, and for depreciated assets – similar disclosures relating to balances and changes in amortization or depreciation are shown in Appendix No. 1.

**1.2.** Value of land in perpetual usufruct.  
The Company does not have land in perpetual usufruct.

**1.3.** Non-depreciated fixed assets, used under rent or similar agreements, including operating lease agreements.  
The Company uses third-party fixed assets - cars, on the basis of operating lease agreements concluded. The respective amount disclosed in the balance sheet is finance lease of PLN 499 962.58.

The Company leases office premises and warehouses as follows:

No.	Date of agreement	Firm	Title of agreement	Amount
1.	1.02.2003	Multeafil Sp. z o.o. - Dobrzyca	Lease of premises	367.20
2.	10.03.2005	Aspen Res Sp. z o.o. Kraków	Lease of business premises	2 750.00
3.	27.09.2006	PHU BARTEX – Warsaw	Lease of real estate	18 000.00

Agreement with

Multeafil Sp. z o.o. – Dobrzyca is signed without termination date,

Aspen Res Sp. z o.o. is signed without termination date,

Contract with Bartex have been signed for a defined period until 30 November 2010.

**1.4.** The Company had no liabilities to the State Budget or to the local authorities in respect of obtaining ownership rights to buildings and structures.

**1.5.** Data on the shareholding structure and on the number and nominal value of subscribed shares, including preference shares.

Share capital of TETLEY Polska Sp. z o.o. in Warsaw as at 31.03.2010 amounts to PLN 18 959 400.00.

As at 31.03.2010, the Company's sole shareholder is TETLEY Overseas Holdings Limited with its registered office in the United Kingdom which holds 31 599 shares with a total value of PLN 18 959 400.00.

On 29 April 2009, on the basis of Resolution No. 1, the share capital was increased from PLN 9 959 400.00 to PLN 18 959 400.00.

**1.6.** Balance as at the beginning of the financial year, increases and use, and the closing balance of capitals, supplementary capital and reserves, if the entity does not prepare a statement of changes in equity.

As at 31.3.2010 the Company has supplementary capital of PLN 3 871.13.

In the year ended 31 March 2010, the Company's accumulated losses amounted to PLN 11 825 393.49. During the year, the loss increased by PLN 2 998 178.70. It is the financial result for the financial year 2008/2009.

**1.7.** Proposed appropriation of profit/offset of loss for the financial year.

The loss of PLN 4 448 432.53 will be offset against future profits.

- 1.8.** Data on the balance of provisions broken down by purpose of setting them up as at the beginning of the financial year, increases, utilization and release, and the balance as at the end of the year.

As at 31.3.2010, the Company has the following provisions:

No.	Provision	Opening balance	Increases	Decreases	Closing balance
1.	Deferred income tax provision	11 811.00	5 885.00		17 696.00
2.	Provision for wages & salaries	39 107.00	333 112.00	39 107.00	333 112.00
3.	Provision for unused holiday pay	0.00	573 604.72		573 604.72
	<b>Total:</b>	<b>50 918.00</b>	<b>912 601.72</b>	<b>39 107.00</b>	<b>924 412.72</b>

- 1.9.** Data on receivable write-downs, indicating the balance as at the beginning of the financial year, increases, utilization, release and the balance as at the end of the financial year.

As at 31.3.2010, the Company has receivable write-downs as follows:

No.	Category of receivables	Balance at the beginning of the year	Increases	Decreases	Balance at the end of the year
1.	Trade receivables	75 586.95	4 770 722.14	730 261.12	4 116 047.97
	<b>Total</b>	<b>75 586.95</b>	<b>4 770 722.14</b>	<b>730 261.12</b>	<b>4 116 047.97</b>

- 1.10.** Break-down of long-term liabilities by balance sheet items, with the period to maturity after the balance sheet date as per the contract: up to 1 year, from 1 to 3 years, from 3 to 5 years, more than 5 years.

Long-term liabilities which arose as at 31.3.2010 of PLN 117 208.43 relate to car leases. All long-term liabilities will become due as at end of 2011.

- 1.11.** Material components of prepayments and accruals.

As at 31.03.2010, prepayments and deferred costs were recognized in the amount of: PLN 428 728.89, and they relate to the following items:

- account 64130 : PLN 200 699.57 (legal services CAMERON, WARDEŃSKI, palette expositions, calendars, graphic modifications, logistic service, film WYBUCH WITALNOŚCI [explosion of vitality])
- account 64135: PLN 13 575.12 (property insurance)
- account 64136: PLN 158 578.87 (car insurance)
- account 22300: PLN 55 875.33 (VAT deductible in the following month).

No.	Title	Current year	Previous year
1.	Other prepayments (64130)	200 699,57	22 033,86
2.	property insurance (64135)	13 575,12	46 222,12
3.	car insurance (64136)	158 578,87	
4.	VAT deductible in the following month (22300)	55 875,33	978 712,41
5.	Legal costs connected with buyout	0,00	448 777,14
6.	Royalties costs	0,00	168 000,00
7.	Tea purchase cost	0,00	71 000,00
	<b>Razem:</b>	<b>428 728,89</b>	<b>1 734 745,53</b>

Short-term accruals and deferred income disclosed in the balance sheet as at 31.03.2010 in the amount of PLN 12 263.25 relate to deferred income.

No.	Title	Current year	Previous year
1.	Deferred income (84500)	12,263.25	0
	<b>Razem:</b>	<b>12,263.25</b>	<b>0</b>

The accruals and deferred income referred to in art. 39.2.1. are presented in liabilities, under item III.2.d of equity and liabilities, "Trade payables". These transactions comprise:

No.	Title	Current year	Previous year
1.	Trade promotion accrual	4 747 614.59	2 150 151.13
2.	Provision for costs of packaging	0.00	585 743.00
3.	Provision for the cost of professional services	175 000.00	220 000.00
4.	Provision for advertising in media	200 000.00	193 784.99
5.	Provision for waste treatment	354 000.00	157 000.00
6.	Provision for market research expenses	178 404.00	134 634.12
7.	Provision for CLAT	0.00	110 000.00
8.	Provision for consumer promotion costs	1 574 009.78	108 183.60
9.	Provision for warehousing costs	0.00	10 000.00
10.	Provision for product fee expenses	0.00	4 000.00
11.	Provision for business trip expenses	0.00	4 000.00
12.	Provision for telephone expenses	23 000.00	1 000.00
13.	Other provisions, additional marketing cost, management fee, logistics cost, other	4 296 647.05	26 800.00
14.	Provision for Premium Foods reconciliation	1 794 228.14	0.00
15.	Provision for compensation	147 658.48	0.00
	<b>Total</b>	<b>13 490 562.04</b>	<b>3 705 326.84</b>

**1.12.** Listing of groups of liabilities secured on the entity's assets (indicating their type). As at 31.03.2010, the following security related to the credit agreement No. 15/2010 concluded on 11 February 2010 in Warsaw with HSCC Bank Polska S.A.:

- ✓ a corporate guarantee provided by Tata Tea (GB) Limited with its registered office at 325 Oldfield Lane North, Greenford, Middlessex UB6 0AZ, United Kingdom, in the form of a Corporate Security Agreement; and
- ✓ the Borrower's representations as to submitting to executory proceedings based on art. 96 and art. 97 of the Banking Law, in accordance with Note 10.

- 1.13.** Contingent liabilities, including also guarantees and warranties (including bill of exchange guarantees and warranties) granted; information on guarantees and warranties to related entities has to be given separately.  
During the reporting period, the Company had no contingent liabilities, including warranties.

## 2. Additional notes and explanations to the income statement

- 2.1. Structure of net sales of finished goods, goods for resale and materials by business (type of activities) and geographical segment (domestic, export) – all numbers in thousand PLN.

Net sales revenues	Total sales in		including:
	Prior financial year	Current financial year	exports in the current financial year
Services		2 760.6	1 346.3
Goods for resale and materials	55 547.0	89 075.0	5 029.1
<b>Total</b>	<b>55 547.0</b>	<b>91 835.6</b>	<b>6 375.4</b>

- 2.2. Amounts and explanation for the reasons for recording write-downs of fixed assets. In the financial year, the Company did not record any write-downs of fixed assets.

- 2.3. Changes in impairment write-downs of inventories. Write-downs of inventories are as follows:

No.	Title	Balance at the beginning of the year	Increases	Decreases	Balance at the end of the year
1.	Write-downs recorded	2 322 298.55	1 274 00.00	2 858 298.55	738 000.00
	<b>Total:</b>	<b>2 322 298.55</b>	<b>1 274 000.00</b>	<b>2 858 298.55</b>	<b>738 000.00</b>

- 2.4. Revenue, costs and results related to operations discontinued in the financial year or earmarked for discontinuation in the following year. In the current financial year no operations were discontinued in respect of the set up of which costs had been previously incurred. Nor is it expected to discontinue any segment of current operations.

- 2.5. Reconciliation of the main differences between the corporate income tax base and profit/loss before tax:

- 2.5.1. Non-deductible costs, including:

No.	Non tax-deductible costs	amount
1.	Foreign exchange losses (92255)	25 897.32
2.	Taxes and fees	96 844.43
3.	Contribution on behalf of organizations the membership of which is not mandatory	13 546.99
4.	Non-deductible services	196 132.11
6.	Other non-deductible costs	3 913.59
7.	penalty interest	15 473.20
8.	Non-deductible amortization and depreciation	1 479 618.92
9.	Car insurance exceeding EUR 20 000	683.03
11.	Entertainment costs	133 406.68
12.	Statistical foreign exchange losses	68 621.47
13.	Utilized corporate income tax provision	- 8 618 578.48
16.	Real CIT cost non tax -deductible costs	- 16 230.97
17.	Other non-deductible costs	13 557 443.58
	<b>Total:</b>	<b>6 956 771.87</b>



Pos 11. "Utilized corporate income tax provision " consists of stock provision release in amount of PLN 2 836 177.71, unused holiday accrual release in amount of PLN 573 604.72. Additional amount consists of other accrual release, e.g. advertising, trade promotion, marketing research etc.

Pos.13 "Other non-deductible costs "consist of accrued expenses for advertising, trade promotion, marketing research, merchandising, management fee etc.

#### 2.5.2. Revenues not allowed for tax purposes:

No.	Title	permanently	temporarily
1.	Statistical foreign exchange differences		110 403.58
	<b>Total:</b>		<b>110 403.58</b>

#### 2.5.3. Income tax:

No	Name	Data for the financial year
1.	Profit/loss before tax	- 3 896 133.53
2.	Revenues not allowable for tax purposes (-)	110 403.58
3.	Taxable income not included in accounting profit/loss (+)	
4.	Non-deductible costs (+)	6 956 771.87
5.	Taxable income	2 950 234.76
6.	Donations included for tax purposes (-)	
7.	Tax loss carryforward (-)	-74 373.85
8.	Tax base	2 875 861.00
9.	<b>Income tax for the year (19%)</b>	<b>546 414.00</b>

Income tax charge for the financial year differ from income tax in income statement in position L for change in deferred tax provision in amount of PLN 5 885.00.

In accordance with the prudence principle, the Company did not disclose deferred tax assets in its financial statements as there is low probability of its crystallizing during the following financial years.

2.6. There were no cost of manufacture of fixed assets under construction, including interest and capitalized foreign exchange differences on liabilities incurred in financing them.

2.7. Expenditure on non-financial non-current assets incurred in the financial year amounted to:  
PLN 9 896 555.76 and were as follows:

No.	Expenditure on:	Incurred in the current year
1.	Intangible assets	6 702 261.49
2.	Fixed assets	3 194 294.27
3.	Fixed assets under construction	
4.	Investments in real property and rights	
	<b>Total</b>	<b>9 896 555.76</b>

The Company did not incur any expenditure on environmental protection in the current year and does not plan to incur any in the following years.

- 2.8.** Information on extraordinary gains and losses broken down by random and other.  
There were no extraordinary gains or losses in the current or in the prior year.
- 2.9.** Corporate income tax on net extraordinary gains – not applicable.
- 2.a.** The exchange rates used in the valuation of particular balance sheet and income statement items denominated in foreign currencies.  
To value, in PLN, the assets and liabilities denominated in foreign currencies foreign exchange rates from Table No. 63/A/NBP dated 31.03.2010 were adopted: EUR 4.1724; USD 2.8720, GBP 4.3491, RUB 0.0973.  
The mid exchange rates for the given currencies adopted in the income statement are as follows: EUR 4.2020, USD 2.9767, GBP 4.7461, RUB 0.0969.
- 2.b.** Explanations of financial instruments.  
Not applicable.

### **3. Additional notes and explanations to the cash flow statement**

Analysis of the difference between balance change of short term liabilities without loans and advances and accounted in Cash Flow:

Loans reconciliation	31.03.2010	31.03.2009	difference
short-term liabilities	43 266 254,94	40 943 700,58	2 322 554,36
loans and advances	9 193 810,84	18 946 179,54	-9 752 368,70
Interest form loans and advances	0,00	0,00	
loans and advances liabilities without interest	34 072 444,10	21 997 521,04	12 074 923,06
lease liabilities short-term	499 962,58	0,00	499 962,58
Investment liabilities	0,00	0,00	
change of short term liabilities without loans and advances	34 572 406,68	21 997 521,04	12 574 885,64

### **4. Discussion of the Company's contracts, material transactions and human resources issues**

- 4.1.** Information on the nature and business purpose of contracts concluded by the entity and not disclosed in the balance sheet in the scope necessary to assess their impact on the financial position and results of the entity.  
The Company does not have any such contracts.
- 4.2.** Information on material transactions (including amounts) concluded by the entity on terms and conditions other than arm's length with related entities – including information specifying the nature of the transactions.  
The Company has not concluded any such transactions.
- 4.3.** Information on the average number of employees broken down by occupational groups.  
As at 31.03.2010 the Company employed 110 people.  
Break down of employees by departments is as follows:

Description	Average number of employees in the financial year 2009/2010	Women	Men	Average number of employees in the previous financial year
White-collar workers	108.2	63.4	44.8	7
<b>Total:</b>	<b>108.2</b>	<b>63.4</b>	<b>44.8</b>	<b>7</b>

**4.4.** Information on remuneration (including remuneration paid out of profit) paid or payable to members of the management and supervisory authorities of commercial companies. The Company did not pay and remuneration to Members of its Management Board for the financial year 2009/2010.

**4.5.** Information on loans and similar benefits granted to members of the management and supervisory authorities of commercial companies (for each category separately), indicating the terms of interest and repayment.  
No loans or similar benefits were granted to members of management and supervisory bodies in the financial year covered by these financial statements.

**4.6.** Information on the independent registered auditor's or registered audit company's fee paid or payable for the financial year, separately in respect of:

- a) statutory audit of the annual financial statements;
- b) other assurance services;
- c) tax advisory services;
- d) other services.

On the basis of the contract dated 23 November 2009, the Company will undergo a statutory audit and an assessment of its financial statements for the financial year 2009/2010. The registered audit company which will conduct the audit is PricewaterhouseCoopers Sp. z o.o. with its registered office at Al. Armii Ludowej 14, 00-638 Warsaw.

The net audit fee will amount to PLN 165 000.

In the financial year 2009/2010, the Company also used the tax services of PricewaterhouseCoopers Sp. z o.o. with its registered office at Al. Armii Ludowej 14, 00-638 Warsaw in the net amount of PLN 71 878 + VAT.

## **5. Discussion of specific events**

**5.1.** Significant prior year events reflected in the current year financial statements.  
No such events took place in the financial year.

**5.2.** Significant non-adjusting events which occurred after the balance sheet date.  
No such events took place in the financial year.

**5.3.** Presentation of changes to the accounting policies, including methods of valuation and methods for preparing the financial statements, if they have a material impact on the financial position and results of the entity, reasons for them and their impact on the amount of the financial result and changes in equity. Changes are explained in Introduction to financial statement in point 5.

**5.4.** Numerical information ensuring the comparability of data in the financial statements for the previous year with data from the current year's financial statements.  
Comparative data relates to the analogous period of the previous financial year, from 1 April 2008 to 31 March 2009. All the amounts in the financial statements are shown in Polish zloties.

## **6. Discussion of entities comprising the Group**

**6.1.** Information on consolidated joint ventures.  
No such events took place in the financial year.

**6.2.** Information on transactions with related entities

During the year, the Company made purchases from related entities in the total amount of PLN 14 116 237.34. The transactions related mainly to the purchase of tea, licences, and management services, and were concluded with Tata Tea Ltd and TETLEY GB Ltd.

In the current financial year, a short-term loan from TETLEY Overseas Holdings Ltd from 27 December 2005 of PLN 10 000 000 was repaid.

Interest of PLN 418 042.50 was accrued for the year 2009/2010, and the amount of interest paid to the creditor amounted to PLN 808 371.62.

During the year covered by the financial statements, the Company did not conclude any transactions on conditions other than arm's length transactions with its related entities.

- 6.3.** Listing of companies (name, registered office) in which the entity holds at least a 20% interest in equity or the total number of voting rights in the company's authorities.  
Not applicable

## **7. Information on business combinations.**

On 20 March 2009, an agreement was signed based on which TETLEY Polska Sp. z o.o. acquired an organized part of the business of Premium Foods S.A. and Premium Foods Marketing Services Sp. z o.o. Premium Foods S.A. had been the distributor of the TETLEY brand in Poland. The sales transaction was completed on 30 April 2009. In connection with the above, in the financial year 2009/2010 the Company engaged in the distribution of teas and other foodstuffs with the additional use of the brands which had to that date been with Premium Foods S.A. Premium Foods Marketing Services Sp. z o.o provided marketing services.

The annual financial statements were prepared after the TETLEY Polska Sp. z o.o. purchase of Premium Foods S.A. and Premium Foods Marketing Services Sp. z o.o., which was accounted for under the purchase method and recorded in the books of account of TETLEY Polska Sp. z o.o, which acquired the assets of the purchased companies.

Premium Foods S.A. purchase price is 1 PLN.

Premium Foods Marketing Services Sp. z o.o. purchase is 1 PLN.

As at 31.03.2010, the Premium Foods S.A. net goodwill is PLN 5 175 693.23 (gross goodwill of PLN 6 210 831.93 was reduced by amortization write-downs of PLN 1 035 138.70).

As at 31.03.2010, the Premium Foods Marketing Services Sp. z o.o. net goodwill is PLN 43 281.60 (gross goodwill of PLN 51 937.90 was reduced by amortization write-downs of PLN 8 656,30).

The amortization rate for goodwill was set at 20%.

### Determining the value of the acquired assets

The assets purchased by TETLEY Polska Sp. z o.o. comprise: tangible fixed assets, intangible assets, cash and cash equivalents, inventories, receivables, liabilities and lease liabilities. The above assets were valued at market value:

- Premium Foods S.A.	1 071 081.95PLN,
- Premium Foods Marketing Services Sp. z o.o.	-165 786.87PLN.

*Krystyna Urbanowicz*  
*Manager of the Accounting Department*

**Peter Unsworth**  
*Board Member*

**Garry Nield**  
*Board Member*

**Richard Forrest**  
*Board Member*

Company: Tetley Polska Sp. z o.o.

No. TTW

spreadsheet: A.1

## Schedule of non-current assets

prepared by: Z. Swatkowski

controlled by: K. Urbanowicz

currency: PLN

year end: 31.03.2010

SCHEDULE OF NON-CURRENT ASSETS		a	b	c	d	e	f	g	h	i	j	k	l	m
		COSTS OF PURCHASE AND MANUFACTURE					DEPRECIATION WRITE-DOWNS						NET BOOK VALUE	
		01.04.2009	increases	reclassifications	decreases	31.03.2010	01.04.2009	increases	reclassifications	decreases	additional recordings	31.03.2010	31.03.2010	31.03.2009
1	A. start-up and further development costs of the company													
	B. fixed assets													
	I. intangible fixed assets													
2	1. concessions, patents from paid labour and similar intangible assets, and licences for the intangible assets	1 076 005,83	439 491,66			1 515 497,49	814 658,37	202 648,07				1 017 306,44	498 191,05	261 347,46
3	2. goodwill		6 262 769,83			6 262 769,83		1 043 795,00				1 043 795,00	5 218 974,83	
4	3. prepayments made													
5	total intangible assets	1 076 005,83	6 702 261,49			7 778 267,32	814 658,37	1 246 443,07				2 061 101,44	5 717 165,88	261 347,46
	II. tangible fixed assets													
6	1. land, plots of land, building rights and development including buildings on third-party land		104 449,45			104 449,45		8 704,13				8 704,13	95 745,32	
7	2. plant and machinery	92 504,31	339 492,90		-7 270,09	424 727,12	79 218,15	131 515,09		-7 270,09		203 463,15	221 263,97	13 286,16
8	3. other devices and equipment	217 905,10	2 750 351,92		-153 200,00	2 815 057,02	161 437,96	388 176,23		-12 756,76		536 857,43	2 278 199,59	56 467,14
9	4. prepayments made and fixed assets under construction													
10	total tangible fixed assets	310 409,41	3 194 294,27		-160 470,09	3 344 233,59	240 656,11	528 395,45		-20 026,85		749 024,71	2 595 208,88	69 753,30
	III. financial assets													
11	1. shares in Group companies													
12	2. Group loans													
13	3. shares in other companies													
14	4. loans to companies with which the Company cooperates													
15	5. long-term securities													
16	6. other loans													
17	total financial fixed assets													
18	total non-current assets	1 386 415,24	9 896 555,76		-160 470,09	11 122 500,91	1 055 314,48	1 774 838,52		-20 026,85		2 810 126,15	8 312 374,76	331 100,76
19	Total	1 386 415,24	9 896 555,76		-160 470,09	11 122 500,91	1 055 314,48	1 774 838,52		-20 026,85		2 810 126,15	8 312 374,76	331 100,76

E.6.; 4c  
III. p.1;13a

I.p.1;2a-18a I.p.1;2b-18b





**DIRECTORS' REPORT OF TETLEY POLSKA SPÓŁKA Z OGRANICZONĄ  
ODPOWIEDZIALNOŚCIĄ WITH ITS SEAT IN WARSAW FOR THE PERIOD  
FROM 1 APRIL 2009 TO 31 MARCH 2010.**

Management Board:

Garry Nield  
Richard Forrest  
Peter Unsworth

The Management Board hereby presents the Directors' Report and financial result for the financial year ended 31 March 2010.

**I. INTRODUCTION**

Tetley Polska Sp. z o.o. was formed on the basis of a notarial deed prepared in the Notary Public's Office of Czesława Kolcun on 04 February 1994 (Rep. A-1100/94).

The Company was registered on 21 March 1994, under the reference number RHB 39908 with the business name Lyons Tetley Poland Sp. z o.o. The Company obtained the statistical number REGON 010611629. The name was changed to its current one in 1995.

On 27 July 2001 the Company was entered in the Register of Businesses maintained by the District Court in Warsaw, XXth Business Division of the National Court Register under the reference number KRS 30868.

On 31 March 2010, the Company's Management Board comprised Garry Nield, Richard Forrest and Peter Unsworth.

The Company's share capital amounts to PLN 18,959,400 and is composed of 31,599 shares with a nominal value of PLN 600 each. The sole shareholder is Tetley Overseas Holdings Limited, Great Britain.

On 30 April 2009 Tetley Polska acquired organised part of enterprises Premium Foods S.A. and Premium Foods Marketing Services Sp. z o.o. Premium Foods S.A. was the former distributor of Tetley in Poland.

The Company's seat is located in Warsaw, ul. Żołny 33. The company has no other branches.

**II. OPERATIONS**

In the financial year, the Company continued its operations consisting of sales of tea under Tetley, Vitax and Flosana brands. Following the acquisition of organised part of enterprises Premium Foods S.A. and Premium Foods Marketing Services Sp. z o.o., Tetley Polska entered into distribution contracts with producers of confectionery (Fazer), vinegars and sauces (Kuehne), jams (Materne) and instant coffee (MacCoffee). Additionally, the Company is now responsible for sales of Vitax syrups, which have previously been produced for and distributed by Premium Foods S.A.

The Polish retail market remains very competitive, with a growing economy segment and Private labels in practically all categories, including tea. It is expected that the level of competition will prevail going forward. The retail environment over the last few years has seen a lot of change and consolidation. Foreign retail outlets are changing the face of the trade in Poland, and with these changes come certain benefits and challenges for the players in the tea category. The company is well placed to take advantage of such an environment with its vast modern trade expertise.

**III. EMPLOYEES**

In the financial year, the average employment in the Company was 108.

#### **IV. FINANCE**

The Company's financial statements for the period from 1 April 2009 to 31 March 2010 were prepared in accordance with the binding regulations by Martin Bauer Management Service Sp. z o.o. with its seat in Nowe Miasto nad Wartą, Kłęka 1.

In the financial year the net sales have increased by almost 65% in comparison to prior year. This is a significant increase in comparison to prior year as a result of changes in the operating model and broader scale of operations. The financial result shows loss of PLN 4,448,432.53.

#### **V. FINANCIAL SITUATION**

As at the end of the year the only source of financing for the company was a bank overdraft facility with HSBC Bank Polska S.A.

Management believes that it is reasonable to assume Company's going concern and there is no basis to make any adjustment according to inappropriateness of this assumption.

#### **VI. SOURCES OF REVENUE**

In the financial year, the main source of revenue was sales of tea and distributed to the distributor Premium Foods S.A.

#### **VII. FINANCIAL RISK MANAGEMENT**

The Company is subject to currency fluctuation risk.

#### **VIII. CAPITAL EXPENDITURE**

In the financial year, except for the purchase of organised part of enterprises Premium Foods S.A. and Premium Foods Marketing Services Sp. z o.o., the Company's capital expenditure were limited to purchase of cars and software.

#### **IX. EXPECTED BUSINESS DEVELOPMENT**

As a result of the acquisition of the organised parts of enterprises Premium Foods S.A. and Premium Foods Marketing Services Sp. z o.o., the Company's activities comprise distribution of tea and other food products. The acquisition enabled to realise growth plans in relation to organic growth based on current Tata Group brands as well as on those distributed by Premium Foods. In future the Company expects to reinforce presence in the Polish market as part of the Tata Global Beverages Group.

Warsaw, 25 May 2010

Management Board:

Garry Nield

Richard Forrest

Peter Unsworth



**Tetley Polska Sp. z o.o.**

**Independent registered auditor' report on the financial statements  
from 1 April 2009 to 31 March 2010**

<b>TRANSLATORS' EXPLANATORY NOTE</b>
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<p>The following document is a free translation of the registered auditor's opinion and report of the above-mentioned Polish Company. In Poland statutory accounts must be prepared and presented in accordance with Polish legislation and in accordance with the accounting principles and practices generally used in Poland.</p>
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<p>The accompanying translated report has not been reclassified or adjusted in any way to conform to accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancy in interpreting the terminology, the Polish language version is binding.</p>
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**Independent registered auditor's report on the financial statements  
To the General Shareholders' Meeting of Tetley Polska Sp. z o.o.**

**This report contains 15 consecutively numbered pages and consists of:**

	Page
I. General information about the Company.....	2
II. Information on the audit .....	3
III. The Company's results and financial position .....	4
IV. Discussion of financial statement components.....	6
V. The independent registered auditor's statement .....	13
VI. Final information and comments .....	15

**Translation only**

## **Tetley Polska Sp. z o.o.**

### **Independent registered auditor's report on the financial statements as at and for the year ended 31 March 2010**

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#### **I. General information about the Company**

- (a) The Company began operating in 1994. The Company was formed at the Notarial Office of Czesław Kołcan, a notary public, in Warsaw on 4 February 1994 and registered in Rep. No. A-1100/94. On 27 July 2001, the Company was entered in the Register of Businesses maintained by the District Court in Warsaw, 20th Business Department of the National Court Register, with the reference number KRS 30868.
- (b) On 13 May 1994, the Company was assigned a tax identification number (NIP) 527-00-24-800 for the purpose of making tax settlements. On 24 March 1994, the Company was assigned a REGON number 010611629 for statistical purposes.
- (c) As at 31 March 2010, the Company's share capital amounted to PLN 18,959,400 and consisted of 31,599 shares with a par value of PLN 600 each.
- (d) In the audited period, the Company's operations comprised import, wholesale and retail trading in tea and other foodstuffs, and wholesale trading in imported consumer goods.
- (e) The following people were on the Company's Management Board during the financial year:
- |                   |              |
|-------------------|--------------|
| • Peter Unsworth  | Board Member |
| • Garry Nield     | Board Member |
| • Richard Forrest | Board Member |
- (f) The Company has the following related entities:
- |                                  |   |
|----------------------------------|---|
| Tetley Overseas Holdings Limited | - the parent company (sole shareholder) |
| Tetley GB Limited                | - a related company                     |
| Tata Tetley Limited              | - a related company                     |

and the companies which belong to the Group of the Company's Parent Company.

**Tetley Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**as at and for the year ended 31 March 2010**

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**II. Information on the audit**

- (a) PricewaterhouseCoopers Sp. z o.o. was appointed registered auditor to the Company by Resolution No. 4 of the General Shareholders' Meeting on 21 September 2009, on the basis of paragraph 19 of the Company's Memorandum of Association.
- (b) PricewaterhouseCoopers Sp. z o.o. and the key registered auditor conducting the audit are independent of the audited entity within the meaning of Art. 56, clauses 2-4 of the Act dated 7 May 2009 on registered auditors and their self-government, registered audit companies and on public supervision (Journal of Laws No. 77, item 649).
- (c) The audit was conducted in accordance with an agreement dated 23 November 2009, in the following periods:
  - interim audit                      from 23 November to 4 December 2009;
  - final audit                              from 19 April to 25 May 2010

**Tetley Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**as at and for the year ended 31 March 2010**

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**III. The Company's results and financial position**

The financial statements do not take account of inflation. The consumer price index (on a December to December basis) amounted to 3.5 % in the audited year (3.3% in 2008).

The observations below are based on the knowledge obtained during the audit of the financial statements.

- On 30 April 2009, the Company acquired organized parts of the business of Premium Foods S.A. and Premium Foods Marketing Services Sp. z o.o. – the distributors up until then of TETLEY branded products in Poland. A description of the transaction is provided in point 7 of the Additional Information to the Company's financial statements.
- As at the end of the financial year, the Company's assets amounted to PLN 47,009 thousand. During the year total assets increased by PLN 7,876 thousand (i.e. by 20.1%). The increase in total assets was mainly due to an increase in intangible assets of PLN 5,456 thousand and tangible fixed assets of PLN 2,525 thousand. The increase was financed with an increase in the Company's share capital of PLN 9,000 thousand and an increase in the balance of short-term liabilities of PLN 2,322 thousand.
- As at the balance sheet date, the balance of intangible assets amounted to PLN 5,717 thousand and went up by PLN 5,456 compared with the balance as at the end of the prior year. The main component of intangible assets is goodwill which arose as a result of the purchase of organized parts of the business of Premium Foods S.A. and Premium Foods Marketing Services Sp. z o.o.
- During the audited year, the Company's sole shareholders made a decision to increase the Company's share capital by PLN 9,000 thousand, which amounted to PLN 18,959 thousand as at the balance sheet date.
- Total sales amounted to PLN 91,836 thousand, and increased by PLN 36,289 compared with the prior year. In addition to the activities conducted hitherto, in the audited period, the Company also distributed teas and other foodstuffs which until then had been distributed by Premium Foods S.A.
- In the audited year operating expenses amounted to PLN 97,923 thousand and were PLN 43,943 thousand (i.e. 81.4%) higher than in the prior year. The largest component of operating expenses was the cost of sales of goods for resale and materials which amounted to PLN 63,468 thousand in the audited year and accounted for 64.8% of the total operating expenses. The cost increased by 65.8% compared with the prior year due to the increased scale of the Company's operations.
- The Company's liability ratios and the structure of liabilities have improved. The Company's gearing ratio went down from 105% at the end of the prior period to 94% at the end of the audited period. The decrease in the Company's liabilities is related to the repayment of the loan to its sole shareholder in February 2010.
- The Company's liquidity measured with the current and quick ratios did not change considerably compared with the prior year and amounted to 0.9 and 0.7, respectively (0.9 and 0.8 in the prior year).



**Tetley Polska Sp. z o.o.**

**Independent registered auditor's report on the financial statements  
as at and for the year ended 31 March 2010**

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**III. Discussion of financial statement components (cont.)**

- As a result of a loss incurred in the financial year 2009/10 both the gross margin and the net profit margin were negative and amounted to 4% and 7%, respectively.

The balance sheet prepared by the Company showed accumulated losses of PLN 16,273,826.02 thousand which exceeded the total of the supplementary capital and half of the share capital. In such a situation the Company's Management Board is obliged – in accordance with the requirement stipulated in Art. 233 of the Code of Commercial Companies – to immediately convene the General Shareholders' Meeting to pass a resolution regarding the Company's future existence. By the date of this opinion no resolution based on Art. 233 of the Commercial Companies Code had been adopted.

On 21 September 2009, by resolution No. 8, the Annual Shareholders' Meeting of the Company decided on the Company's future existence in respect of the financial statements drawn up for the financial year ended 31 March 2009. At the same time, the Company's sole shareholder, in its letter dated 6 May 2010, confirmed in writing to the Company's Management Board its readiness to provide support for the Company to continue in operation.

The Management Board assumes that the Company will continue as a going concern without changing the scope thereof, and justifies this assumption in point 5 of the Introduction to the financial statements.

**Tetley Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**as at and for the year ended 31 March 2010**

**IV. Discussion of financial statement components**

**BALANCE SHEET as at 31 March 2010**

	Note	31.03.2010	31.03.2009	Change	Change	31.03.2010	31.03.2009
		PLN '000	PLN '000	PLN '000	%	Structure (%)	Structure (%)
<b>ASSETS</b>							
<b>Non-current assets</b>							
Intangible assets	[1]	5,717	261	5,456	>999.9	12.2	0.7
Tangible fixed assets	[2]	2,595	70	2,525	>999.9	5.5	0.2
		<b>8,312</b>	<b>331</b>	<b>7,981</b>	<b>24.1</b>	<b>17.7</b>	<b>0.9</b>
<b>Current assets</b>							
Inventories	[3]	6,881	5,583	1,298	23.2	14.6	14.3
Short-term receivables	[4]	30,724	31,479	(755)	(2.4)	65.4	80.4
Short-term investments		663	5	658	>999.9	1.4	-
Short-term prepayments and deferred costs		429	1,735	(1,306)	(75.3)	0.9	4.4
		<b>38,697</b>	<b>38,802</b>	<b>(105)</b>	<b>(0.3)</b>	<b>82.3</b>	<b>99.1</b>
<b>Total assets</b>		<b>47,009</b>	<b>39,133</b>	<b>7,876</b>	<b>20.1</b>	<b>100.0</b>	<b>100.0</b>

**Tetley Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**as at and for the year ended 31 March 2010**

**IV. Discussion of financial statement components (cont.)**

**BALANCE SHEET as at 31 March 2010 (cont.)**

	Note	31.03.2010	31.03.2009	Change	Change	31.03.2010	31.03.2009
		PLN '000	PLN '000	PLN '000	%	Structure (%)	Structure (%)
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>	<b>[5]</b>						
Share capital	[6]	18,959	9,959	9,000	90.4	40.4	25.4
Supplementary capital		4	4	-	-	-	-
Accumulated losses		(11,826)	(8,827)	(2,998)	34.0	(25.2)	(22.6)
Net loss	[7]	(4,448)	(2,998)	(1,450)	48.4	(9.5)	(7.7)
		<u>2,689</u>	<u>(1,862)</u>	<u>4,552</u>	<u>(244.5)</u>	<u>5.7</u>	<u>(4.9)</u>
<b>Liabilities and provisions for liabilities</b>							
Provisions for liabilities		925	51	874	>999.9	2.0	0.1
Long-term liabilities		117	-	117	-	0.2	-
Short-term liabilities	[8]	43,266	40,944	2,322	5.7	92.1	104.8
Accruals and deferred income		12	-	12	-	-	-
		<u>44,320</u>	<u>40,995</u>	<u>3,325</u>	<u>8.1</u>	<u>94.3</u>	<u>104.9</u>
<b>Total equity and liabilities</b>		<u>47,009</u>	<u>39,133</u>	<u>7,876</u>	<u>20.1</u>	<u>100.0</u>	<u>100.0</u>

**Tetley Polska Sp. z o.o.**

**Independent registered auditor's report on the financial statements  
as at and for the year ended 31 March 2010**

**IV. Discussion of financial statement components (cont.)**

**INCOME STATEMENT**

**For the financial year from 1 April 2009 to 31 March 2010**

	Note	Audited period PLN '000	Prior period PLN '000	Change PLN '000	Change %	Audited period Structure (%)	Prior period Structure (%)
Net sales and sales equivalents	[9]	91,836	55,547	36,289	65.3	100.0	100.0
Operating expenses	[9]	(97,923)	(53,980)	(43,943)	81.4	(106.6)	(97.2)
<b>Profit/(Loss) on sales</b>		<b>(6,087)</b>	<b>1,567</b>	<b>(7,654)</b>	<b>(488.4)</b>	<b>(6.6)</b>	<b>2.8</b>
Other operating income	[10]	3,668	235	3,433	>999.9	4.0	0.4
Other operating expenses	[10]	(1,757)	(2,520)	763	(30.3)	(1.9)	(4.5)
<b>Operating loss</b>		<b>(4,176)</b>	<b>(718)</b>	<b>(3,458)</b>	<b>481.6</b>	<b>(4.5)</b>	<b>(1.3)</b>
Financial income	[11]	835	-	835	-	0.9	-
Financial costs	[11]	(555)	(2,304)	1,749	(75.9)	(0.6)	(4.1)
<b>Loss on ordinary activities before tax</b>		<b>(3,896)</b>	<b>(3,022)</b>	<b>(874)</b>	<b>28.8</b>	<b>(4.2)</b>	<b>(5.4)</b>
<b>Loss before tax</b>		<b>(3,896)</b>	<b>(3,022)</b>	<b>(874)</b>	<b>28.8</b>	<b>(4.2)</b>	<b>(5.4)</b>
Income tax expense		(552)	24	576	>999.9	(0.6)	-
<b>Net loss</b>	<b>[7]</b>	<b>(4,448)</b>	<b>(2,998)</b>	<b>(1,450)</b>	<b>48.3</b>	<b>4.8</b>	<b>(5.4)</b>

**Tetley Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**as at and for the year ended 31 March 2010**

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**IV. Discussion of financial statement components (cont.)**

**Presentation of financial ratios summarizing the Company's financial position and results**

The following ratios characterize the Company's activities, results of operations during the audited year, and its financial position as at the balance sheet date compared with the prior years:

	<b>2010/2009</b>	<b>2009/2008</b>	<b>2008/2007</b>
Asset ratios			
- receivables turnover	105 days	159 days	103 days
- inventory turnover	23 days	47 days	43 days
Profitability ratios			
- net profit margin	(5%)	(5%)	(3%)
- gross margin	(7%)	3%	(1%)
Liability ratios			
- gearing	94%	105%	97%
- payables turnover	127 days	103 days	74 days
	<b>31.03.2010</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
Liquidity ratios			
- current ratio	0.9	0.9	1.0
- quick ratio	0.7	0.8	0.8
Other ratios			
- effective tax rate	(14.2%)	0.8%	(1.4%)

**Tetley Polska Sp. z o.o.**  
**Independent registered auditor's report on the financial statements**  
**as at and for the year ended 31 March 2010**

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**IV. Discussion of financial statement components (cont.)**

**Balance sheet as at 31 March 2010**

**1. Intangible assets**

In the audited year, the gross book value of intangible assets increased by PLN 6,702 thousand, mainly as a result of the purchase of computer software. As at the end of the period, goodwill amounted to PLN 5,219 thousand which amounted to more than 91% of total intangible assets.

**2. Tangible fixed assets**

In the audited year, the gross book value of tangible fixed assets went up by PLN 3,194 thousand, mainly as a result of acquisition, together with an organized part of the business of Premium Foods S.A. and Premium Foods Marketing Services Sp. z o.o., and also fixed assets with a gross value of PLN 2,515 thousand (mainly cars).

**3. Inventories**

We attended a physical count of inventories in the warehouses in Dobrzyca and Stryków performed by the Company on 12 February 2010. No significant discrepancies between the accounting data and the actual balances were identified during the count.

As at the end of the financial year, inventories were written down by PLN 738 thousand.

**4. Short-term receivables**

The balance of short-term receivables mainly comprised trade receivables of PLN 30,401 thousand, tax receivables of PLN 102, and other receivables of PLN 221 thousand. As at the balance sheet date, the balance of receivables was PLN 755 thousand (i.e. 2.4%) lower than in the prior year.

**Tetley Polska Sp. z o.o.****Independent registered auditor's report on the financial statements  
as at and for the year ended 31 March 2010****IV. Discussion of financial statement components (cont.)****5. Share capital – ownership structure**

As at 31 March 2010, the Company's shareholders were as follows:

Shareholder	Number of shares held	Par value of the shares held (in PLN)	% of voting rights
Tetley Overseas Holdings Limited	31,599	18,959,400	100
	<b>31,599</b>	<b>18,959,400</b>	<b>100</b>

On 29 April 2009, on the basis of Resolution No. 1 of the General Shareholders' Meeting, the share capital was increased by PLN 9,000 thousand.

**6. Net profit/loss for the year**

The net loss for the audited year amounted to PLN 4,448 thousand. As disclosed in the notes to the financial statements, the Management Board will propose to the General Shareholders' Meeting offsetting the loss against future profits.

In accordance with the Resolution of the Shareholders' Meeting of 21 September 2009, the loss for the previous year will be offset against future profits.

**7. Short-term liabilities**

Short-term liabilities comprise the following items: trade payables of PLN 33,056 thousand (including trade payables to related entities of PLN 1,604 thousand), loans and borrowings of PLN 9,194 thousand, taxation, customs duty and insurance of PLN 499 thousand, special funds of PLN 113 thousand, and other liabilities of PLN 405 thousand.

The balance of short-term liabilities increased by PLN 2,322 thousand (i.e. 5.7%). Also the structure of financing the Company changed. In the audited year, the Company repaid a group loan and obtained an overdraft facility in HSBC Bank instead.

**Tetley Polska Sp. z o.o.**

**Independent registered auditor's report on the financial statements  
as at and for the year ended 31 March 2010**

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**IV. Discussion of financial statement components (cont.)**

**Income statement for the year ended 31 March 2010**

**8. Sales and operating expenses**

Total sales amounted to PLN 91,836 thousand in the audited year and increased by PLN 36,289 thousand (i.e. 65.3%). The increase in sales resulted on the one hand from the acquisition of the distribution process together with organized parts of enterprises, and on the other hand, from the intensification of marketing activities which were carried out by the Company in the audited year.

Operating expenses amounted to PLN 97,923 thousand and were PLN 43,943 thousand (i.e. 81.4 %) higher than in the prior year. Operating expenses comprised the following major items: cost of sales of goods for resale and materials (amounting to PLN 63,468 thousand) and external services (amounting to PLN 14,537 thousand). External services went up by PLN 998 thousand which resulted from the high costs of sales support activities.

**9. Other operating income and expenses**

Other operating income amounted to PLN 3,668 thousand in the audited year and increased by PLN 3,433 thousand compared with the prior year.

Other operating expenses amounted to PLN 1,757 thousand in the audited year and were PLN 763 thousand lower than in the prior year.

**10. Financial income and costs**

In the audited period, financial income amounted to PLN 835 thousand and comprised mainly foreign exchange gains.

Financial costs amounted to PLN 555 thousand and were PLN 1,749 thousand lower than in the prior year due to the repayment of a group loan in February 2010.



## **Tetley Polska Sp. z o.o.**

### **Independent registered auditor's report on the financial statements as at and for the year ended 31 March 2010**

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#### **V. The independent registered auditor's statement**

- (a) In the course of the audit, the Company's Management Board presented the required information, explanations, and representations and provided us with a representation letter confirming the completeness of the data in the books of account and the disclosure of all the contingent liabilities. They also informed us of significant post balance sheet events which occurred up to the date of that letter being signed.
- (b) The scope of the audit was not limited.
- (c) The Company had up-to-date documentation of its accounting policies, approved by the Management Board. The Company's accounting policies had been tailored to its needs and ensured the identification of all events with a material effect on the assessment of its financial position and results, taking into consideration the prudence principle. Changes in accounting policies were correctly disclosed in the introduction to the financial statements.
- (d) The closing balances as at the end of the prior year were correctly brought forward as the opening balances of the current financial year in all material respects.
- (e) We have verified the operation of the accounting system. Our assessment covered in particular:
  - the accuracy of the documentation relating to business transactions;
  - the fairness, accuracy and verifiability of the accounting records, including computerized accounting records;
  - the methods used for controlling access to data and computerized data processing systems;
  - the safeguarding of the accounting documentation, books of account, and financial statements.

This assessment together with our verification of individual items of the financial statements is a basis for expressing a general, comprehensive opinion on the truth and fairness of these financial statements. The audit was not intended to provide a comprehensive opinion on the operations of the said system.

- (f) The notes to financial statements, which include the introduction and additional notes and explanations, present all the significant information specified in the Accounting Act.

**Tetley Polska Sp. z o.o.**

**Independent registered auditor's report on the financial statements  
as at and for the year ended 31 March 2010**

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**V. The independent registered auditor's statement (cont.)**

- (g) The Directors' Report includes all the information required by the Accounting Act. The financial information presented therein is consistent with that presented in the financial statements.
- (h) Counts of assets and liabilities were carried out and reconciled in accordance with the Accounting Act, and their results were included in the accounting records for the audited year.
- (i) The financial statements for the prior financial year were audited by *PricewaterhouseCoopers Sp. z o.o.* The registered auditor issued an unqualified opinion.
- (j) The Company's financial statements for the year from 1 April 2008 to 31 March 2009 were approved by resolution No. 1 of the Shareholders' Meeting dated 21 September 2009, filed with National Court Register in Warsaw on 23 September 2009, and published in *Monitor Polski B* No. 727 on 16 April 2010.

## VI. Final information and comments

This report has been prepared in connection with our audit of the financial statements of Tetley Polska Sp. z o.o., Warsaw, ul. Żoły 33. The audited financial statements comprised the following:

- (a) the introduction;
- (b) the balance sheet as at 31 March 2010, showing total assets and total equity & liabilities of PLN 47,009,584.45;
- (c) the income statement for the financial year from 1 April 2009 to 31 March 2010, showing a net loss of PLN 4,448,432.53;
- (d) the statement of changes in equity for the year ended from 1 April 2009 to 31 March 2010, showing an increase in the equity of PLN 4,551,567.47;
- (e) the cash flow statement for the financial year from 1 April 2009 to 31 March 2010, showing net cash inflows of PLN 635,491.68;
- (f) the additional notes and explanations.

The financial statements were signed by the Company's Management Board and the person responsible for maintaining the accounting records on 25 May 2010. This report should be read in conjunction with the Independent Registered Auditor's Opinion to the Shareholders of Tetley Polska Sp. z o.o., signed on 25 May 2010, concerning the afore-mentioned financial statements. The opinion is a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of individual financial statement components. This assessment takes account of the impact of the facts noted on the truth and fairness of the financial statements as a whole.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., registered audit company no. 144:

Wojciech Maj

Key Registered Auditor  
No. 6128

Warsaw, 25 May 2010