NAMING'OMBA TEA ESTATES LIMITED

FINANCIAL STATEMENTS

For the year ended

31 MARCH 2025

NAMING'OMBA TEA ESTATES LIMITED

FINANCIAL STATEMENTS
For the year ended 31 March 2025

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NAMING'OMBA TEA ESTATES LIMITED

DIRECTORS' REPORT
For the year ended 31 March 2025

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 March 2025.

Incorporation and registered office
Naming'omba Tea Estates Limited is a company incorporated in Malawi under Companies Act. 2013 of Malawi and is domiciled in Malawi. The address of the company's registered office is.

Naming'omba Tea Estates Limited
P.O. Box 2
Thyolo

Financial statements
The results and state of affairs of the Company are set out in the accompanying statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and accounting policies and notes to the financial statements.

Dividend
Due to reported loss for the financial year ended 31 March 2025, the Board of Directors have not proposed any dividend on the ordinary shares of the Company (2024: Nil).

Directors and secretary
The directors and secretary of the Company who served during the year are listed below:

Name	Position	Nationality
Mr. Arthur Alick Msowoya	Chairman	Malawian
Mr. Anand Vardhan Kothari	Director	Indian
Mr. Vijay Kumar	Director	Indian
Mr. Remmie Ng'omba	Director	Malawian
Mrs. Susan Mkandawire	Company Secretary	Malawian

Board attendance record

MEMBER	Position	6 May 2024	20 September 2024	11 February 2025
Mr. Arthur Alick Msowoya	Chairman	√	√	√
Mr. Anand Vardhan Kothari	Director	X	X	X
Mr. Vijay Kumar	Director	√	√	√
Mr. Remmie Ng'omba	Director	X	√	√
Mrs. Susan Mkandawire	Company Secretary	√	√	√

Key:
√ = Attended
X = Apology

Auditors
Messrs Grant Thornton, Chartered Accountants (Malawi), have expressed their willingness to continue in office as auditors in respect of the company's 31 March 2026 financial statements and a resolution proposing their appointment will be tabled at the Annual General Meeting.

Acknowledgement
The Directors would like to record their appreciation for the co-operation and support received from the employees shareholders, banks, government agencies and all stakeholders.

Digitally signed by Arthur Alick Msowoya
Date: 2025.05.06 21:50:24 +02'00'

AUTHORISED DIRECTOR

AUTHORISED DIRECTOR

2 May 2025

NAMING'OMBA TEA ESTATES LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT
For the year ended 31 March 2025

The directors are responsible for the preparation and fair presentation of the financial statements of Naming'omba Tea Estates Limited comprising the statement of financial position as at 31 March 2025, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of material accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), in accordance with IAS 29, *Financial Reporting in Hyperinflationary Economies* - 2024 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM), and in a manner required by the Malawi Companies Act, 2013 of Malawi.

The Act also requires directors to ensure the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enables them to ensure that the financial statements comply with the Malawi Companies Act, 2013 of Malawi.

In preparing the financial statements, the directors accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards, when preparing financial statements, subject to any material departures being disclosed and explained in the financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), in accordance with IAS 29, *Financial Reporting in Hyperinflationary Economies* - 2024 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM), and in the manner required by Companies Act, 2013 of Malawi.

Approval of financial statements

The financial statements of Naming'omba Tea Estates Limited, as identified in the first paragraph were approved by the Board of Directors on .....2...May....... 2025 and were signed on its behalf by:

Digitally signed by
Arthur Alick Msowoya
Date: 2025.05.06
21:51:13 +02'00'

....
AUTHORISED DIRECTOR

....
AUTHORISED DIRECTOR

Grant Thornton

105266

Grant Thornton Malawi

Chartered Accountants and Business Advisors

MASM House
Lower Sclater Road
P.O. Box 508
Blantyre, Malawi

T +265 0111 820 744

T +265 0111 820 391

email: mw-information@mw.gt.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NAMING'OMBA TEA ESTATES LIMITED

Opinion

We have audited the financial statements of Naming'omba Tea Estates Limited ("the Company") set out on pages 5 to 34, which comprise the Statement of financial position as at 31 March 2025, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Naming'omba Tea Estates Limited as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), in accordance with IAS 29, *Financial Reporting in Hyperinflationary Economies* - 2024 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM), and in a manner required by the Companies Act, 2013 of Malawi.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' *Code for Ethics for Professional Accountants* (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA code. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report and the Directors' responsibility statement. The other information does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), in accordance with IAS 29, *Financial Reporting in Hyperinflationary Economies* - 2024 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM), and in a manner required by the Companies Act, 2013 of Malawi and for such internal controls as the directors determine are necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF NAMING'OMBA TEA ESTATES LIMITED
For the year ended 31 March 2025

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards in Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards in Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Grant Thornton

Grant Thornton Malawi
Chartered Accountants

Hastings Bofomo Nyirenda
CPA (Mw)
Blantyre, Malawi
Number MAB 083

Hastings Bofomo Nyirenda
Chartered Accountant (Malawi)
Partner

Blantyre, Malawi

7 May 2025

NAMING'OMBA TEA ESTATES LIMITED

STATEMENT OF FINANCIAL POSITION
At 31 March 2025
In thousands of Malawi Kwacha

	Note	2025	2024
ASSETS			
Non-current assets			
Property, plant and equipment	11(a)	23,009,443	23,860,272
Bearer plants	11(b)	23,520,514	24,642,524
Total Non-current assets		46,529,957	48,502,796
Currents assets			
Biological assets	12	3,975,886	2,968,114
Inventories	13	2,218,999	1,527,716
Trade and other receivables	14	2,486,971	1,598,930
Income tax receivable	10	4,945	4,945
Cash and cash equivalents	15	6,830	931
Total current assets		8,693,631	6,100,636
Total assets		55,223,588	54,603,432
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17.1	1,478	1,409
Share premium	17.2	3,281,499	1,894,501
Property revaluation reserve	17.3	19,040,542	17,841,972
Bearer plants revaluation reserve	17.4	14,698,270	15,950,490
Capital reserve	17.5	301,564	301,564
Biological assets revaluation reserve	17.6	2,189,693	1,622,645
Accumulated losses		(10,228,496)	(9,060,186)
Total equity		29,284,550	28,552,395
Non-current liabilities			
Borrowings	16	2,830,082	3,654,291
Deferred tax liability	10	13,786,208	13,302,212
Total non-current liabilities		16,616,290	16,956,503
Current liabilities			
Bank overdraft	15	5,303,844	5,251,325
Trade and other payables	18	1,617,220	1,610,049
Borrowings	16	2,401,684	2,233,160
Total current liabilities		9,322,748	9,094,534
Total liabilities		25,939,038	26,051,037
Total equity and liabilities		55,223,588	54,603,432

These financial statements were approved for issue by the Company's board of directors on 2 May **2025** and were signed on its behalf by:

Digitally signed by Arthur Alick Msowoya
Date: 2025.05.06 21:52:50 +02'00'

DIRECTOR

DIRECTOR

NAMING'OMBA TEA ESTATES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2025
In thousands of Malawi Kwacha

	Note	**2025**	2024
Revenue	6	**6,235,927**	5,263,816
Cost of sales	8(a)	**(3,799,278)**	(4,153,756)
Gross profit		**2,436,649**	1,110,060
Other income	7	**845,643**	644,908
Fair value gain/(loss)	12	**810,069**	940,008
Selling expenses	8(b)	**(399,048)**	(501,681)
Administration expenses	8(c)	**(3,119,681)**	(2,500,923)
Operating (Loss)/profit		**573,632**	(307,628)
Exchange gain/(loss)	9	**85,797**	(4,371,085)
Finance cost	9	**(830,344)**	(732,395)
Loss before taxation		**(170,915)**	(5,411,108)
Income tax expense	10	**(1,682,566)**	2,669,246
Loss after tax		**(1,853,481)**	(2,741,862)
Other comprehensive income			
Items that will not be classified to profit or loss			
Revaluation surplus		**-**	13,671,687
Deferred tax thereon	10	**1,198,570**	(4,101,506)
Total other comprehensive income		**1,198,570**	9,570,181
Total comprehensive income for the year		**(654,911)**	6,828,319

NAMING'OMBA TEA ESTATES LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2025
In thousands of Malawi Kwacha

	Share Capital	Share premium	Property revaluation reserve	Bearer plants revaluation reserve	Capital Reserve	Biological asset Revaluation Reserve	Accumulated losses	Total
2024								
Balance as at 1 April 2024	**1,410**	**1,894,501**	**17,841,972**	**15,950,490**	**301,564**	**1,622,647**	**(9,060,186)**	**28,552,398**
Other comprehensive income	-	-	-	-	-	-	**(1,853,481)**	**(1,853,481)**
Loss for the year	-	-	-	-	-	-	-	-
Revaluation surplus	-	-	-	-	-	-	-	-
Deferred tax on revaluation surplus	-	-	**1,198,570**	-	-	-	-	**1,198,570**
Total other comprehensive income	**1,410**	**1,894,501**	**19,040,542**	**15,950,490**	**301,564**	**1,622,647**	**(10,913,667)**	**27,897,487**
Issue of new shares	**68**	**1,386,998**	-	-	-	-	-	**1,387,066**
Transfers within reserves	-	-	-	-	-	-	-	-
Biological assets fair value gains transferred	-	-	-	-	-	**810,069**	**(810,069)**	-
-Deferred tax on fair value gains transferred	-	-	-	-	-	**(243,021)**	**243,021**	-
Transfer of excess depreciation to distributable reserves	-	-	-	**(1,252,220)**	-	-	**1,252,220**	-
Balance at 31 March 2025	**1,478**	**3,281,499**	**19,040,542**	**14,698,270**	**301,564**	**2,189,695**	**(10,228,495)**	**29,284,550**
2024								
Balance as at 1 April 2023	1,354	1,026,892	8,271,791	17,201,116	301,564	964,641	(6,910,944)	20,856,414
Other comprehensive income	-	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	-	(2,741,862)	(2,741,862)
Revaluation surplus	-	-	13,671,687	-	-	-	-	13,671,687
Deferred tax on revaluation surplus	-	-	(4,101,506)	-	-	-	-	(4,101,506)
Total other comprehensive income	1,354	1,026,892	17,841,972	17,201,116	301,564	964,641	(9,652,806)	27,684,733
Issue of new shares	56	867,609	-	-	-	-	-	867,665
Transfers within reserves	-	-	-	-	-	-	-	-
Biological assets fair value gains transferred	-	-	-	-	-	940,008	(940,008)	-
-Deferred tax on fair value gains transferred	-	-	-	-	-	(282,002)	282,002	-
Transfer of excess depreciation to distributable reserves	-	-	-	(1,250,626)	-	-	1,250,626	-
Balance at 31 March 2024	1,410	1,894,501	17,841,972	15,950,490	301,564	1,622,647	(9,060,186)	28,552,398

Accumulated loss comprises the brought forward recognized income, net of expenses, plus current year loss attributable to shareholders. Refer to note 16 for explanation of the share capital, share premium and reserves.

NAMING'OMBA TEA ESTATES LIMITED

STATEMENTS OF CASH FLOWS
For the year ended 31 March 2025
In thousands of Malawi Kwacha

	Note	2024	2023
Cash flows from operating activities			
Loss before tax		**(170,915)**	(5,411,108)
Adjusted for:			
Depreciation	11(a)&(b)	**2,121,350**	1,769,668
Interest expense paid	9	**753,572**	636,125
Profit on disposal of property, plant and equipment		**-**	(2,254)
Fair value gain on biological assets	12	**(810,069)**	(940,008)
Cashflows generated in operations		**1,893,938**	(3,947,577)
(Increase)/ decrease in inventories		**(665,219)**	659,023
Decrease/(increase) in trade and other receivables		**(888,041)**	(1,357,367)
Increase/(decrease) in trade and other payables		**7,171**	706,046
Cash generated from operating activities		**347,849**	(3,939,875)
Taxation paid	10	**-**	(3,434)
Net cash from operating activities		**347,849**	(3,943,309)
Cash flows from investing activities			
Development expenditure	11(b) and 12	**(353,977)**	(162,865)
Proceeds from issue of new shares	17.1&17.2	**1,387,067**	867,665
Proceeds from disposal of property, plant and equipment		**-**	5,202
Acquisition of property, plant and equipment	11(a)	**(18,301)**	(4,501)
Net Cash flows generated/(utilized) in investing activities		**1,014,789**	705,501
Cash flows from financing activities			
Loan receipts	16(a)	**1,473,758**	330,329
Loan repayment	16(a&b)	**(1,908,223)**	(2,083,754)
Interest expense paid	9	**(753,572)**	(636,125)
Net cash utilised in financing activities		**(1,188,037)**	(2,389,551)
Net decrease in cash and cash equivalents for the period		**174,601**	(5,627,359)
Cash and cash equivalents at the beginning of the period		**(5,250,394)**	(2,535,291)
Effect of movement in exchange rate on cash balance		**(221,221)**	2,912,256
Cash and cash equivalents at the end of the period	15	**(5,297,014)**	(5,250,394)

1. General Information

Naming'omba Tea Estates Limited is a limited liability company incorporated under the Companies Act, 2013 of Malawi.

The Company is involved in growing, processing and selling tea and Macadamia Nuts. In addition to that, it also grows and maintains a tree plantation which is used for firewood in its boiler machinery for the processing of tea. The company also started growing maize last year for workers' food consumption.

2. New accounting standards and interpretations adopted as at 1 January 2025

2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

In the current year, the fund has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2024.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Non-current Liabilities with Covenants (Amendments to IAS 1)
The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
The amendement sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 Climate-related Disclosures
IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general -purpose financial reports in making decisions relating to providing resources to the entity.

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

2.2 Standards and Interpretations in issue, not yet effective

A number of new standards, amendments to standards and interpretations are issued and effective for annual periods beginning on or after 1 January 2025 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Lack of Exchangeability (Amendments to IAS 21)
The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Amendments to the SASB standards to enhance their international applicability
The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.

2. New accounting standards and interpretations adopted as at 1 January 2025 (continued)

2.1 Standards and Interpretations in issue, not yet effective (continued))

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
Amended to the requirements related to:
- Settling financial liabilities using an electronic payment system; and
- Assessing contractual cashflow characteristics of financial assets, including those with environmental, social and governance (ECG)-linked feature

Amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.

IFRS 18 'Presentation and Disclosure in Financial Statements'
This has been made to rectify the erroneous numbering of a paragraph which was added to IFRS 1 First-time Adoption of International Financial Reporting Standards by IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 19 'Subsidiaries without Public Accountability: Disclosures
IFRS 19 enables simplification of reporting systems and processes for companies, reducing the costs of preparing eligible subsidiaries' financial statements, while maintaining the usefulness of those financial statements for their users.

Subsidiaries applying IFRS Accounting Standards for their own financial statements provide disclosures that are disproportionate to the information needs of their users.

Subsidiaries applying the IFRS for SMEs Accounting Standards in preparing their own financial records because the requirements in these Standards differ from those in IFRS Accounting Standards.

IFRS 19 will resolve these challenges by:
- Enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements; and
- Reducing the disclosure requirements – IFRS 19 permits reduced disclosures better suited to the needs of the users of subsidiaries' financial statements.

The IASB expects that IFRS 19 would:
- Reduce costs for preparers;
- Improve their application of IFRS Accounting Standards within the Group; and
- Maintain the usefulness of financial statements for the users of an eligible subsidiary's financial statements.
-

A subsidiary is eligible to apply IFRS 19 if:
a) The subsidiary is not public accountable (broadly speaking, it is not listed on a stock exchange and is not a financial institution); and
b) The subsidiary's intermediate or ultimate parent produces consolidated financial statements that are available for public use and that comply with IFRS Accounting Standards.

The Directors anticipate that these Standards and Interpretations in future periods will have no significant impact on the financial statements of the Company.

3. Basis of preparation

3.1 Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), in accordance with IAS 29, *Financial Reporting in Hyperinflationary Economies* - 2024 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM), and in a manner required by the Companies Act, 2013 of Malawi.

3.2 Basis of measurement
The financial statements are presented in Malawi Kwacha, rounded to the nearest thousand. They are prepared on the historical cost convention except for biological assets and certain items of property, plant and equipment that are measured at fair value.

3. Basis of preparation (continued)

3.3 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have most significant effect on the amounts recognised in the financial statements can be found in the following notes:

Note 9 - Recognition of deferred tax assets, availability of future taxable profit against which carry forward tax losses can be used.
Note 11 - Key assumptions underlying in the biological asset model.
Note 13 - Impairment test: assumptions underlying recoverable amounts from trade receivables.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values for non-financial assets.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liability.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

3.4 Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. Revisions to accounting estimates are recognized prospectively. Judgements made by management in the application of IFRS that have significant impact on the financial statements and estimates with significant risk of material adjustment in the next year are detailed below:

3.5 Impairment of trade and other receivables

The Company tests annually whether receivables have suffered any impairment and makes a provision for bad debts in accordance with the accounting policy. This assessment requires judgement.

3.6 Income taxes

The Company is subject to income tax in Malawi, and provision for income tax payable is made in the financial statements at each financial year end. Subsequent to the year end, a tax return is filed with the revenue authorities. Where the final tax assessed is different from the amounts that were initially provided, such differences will be accounted for as an income tax under/over provision in the statement of profit or loss and other comprehensive income for the period when such determination is made.

Deferred tax asset is only recognised to the extent that there will be future taxable profits to offset the tax losses within the allowable period for carrying forward tax losses.

3.7 Biological assets valuation

In accordance with the Company's strategic plans, tea, macadamia and timber plantations are assumed to have productive life of 100 years, 50 years and 7 years respectively. Additionally, maize plantation has productive life of less than six months.

3. Basis of preparation (continued)

3.7 Biological assets valuation (continued)

Standard ratios for conversion of green leaf to make tea and dehusking of macadamia nuts to kernels are applied.

The models use estimates of yield per hectare in case of timber/afforestation and the estimated fair market values for green leaf, Nut in husk (NIH) and timber and these assumptions are reconsidered annually. For maize, being short-lived in nature is valued at its fair value.

3.8 Assets' economic lives and residual values

Management uses its judgement, based on its understanding of the business, capital policy and the economic environment in which it operates to assess the residual value, and the estimated useful life of assets. Changes in residual values, indexation and estimated useful lives result in changes in depreciable and annual depreciation charges for individual assets.

4. Summary of material accounting policies

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

4.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates "the functional currency". The financial statements are presented in Malawi Kwacha which is the Company's functional and presentation currency.

4.2.1 Foreign currency translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within finance cost.

4.3 Revenue recognition

4.3.1 Revenue

Revenue comprises the fair value of the consideration received or receivable from the sales of tea and Macadamia nuts. Revenue is shown net of value added tax, returns, rebates and discounts.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

4.3.2 Other income

Other income comprises net revenue on other farm produce, timber sales, rental income, and sundry revenue, and is accounted for on an accruals basis.

4.3.3 Finance income and finance cost

Interest income is recognised using the effective interest rate method. When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Finance cost comprise of interest expense on borrowings and is recognised in statement of profit or loss.

4. Summary of material accounting policies (continued)

4.4 Development cost

Establishment costs in respect of tea and macadamia plantations, including expenditure on the necessary infrastructure, are capitalised as biological assets as they are incurred. Establishment costs do not include the cost of clearing and stumping, terracing or irrigation work for new plantations, which are classified as land development costs within property, plant and equipment. Replanting and in-filling costs are expensed when incurred.

4.5 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses except for items of freehold land and buildings which are measured using the revaluation model. Bearer plants are measured prospectively at deemed cost being the revalued amounts up to the time of adoption of the cost model.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant or equipment have different useful lives, then they are accounted for as separate items (major components) of property plant and equipment.

Any gains or losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within the statement of profit or loss and other comprehensive income.

Increase in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve. The revaluation reserve is realised on disposal. All other decreases are recognised in the statement of profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Company.

On- going repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognised in the statement of profit or loss and other comprehensive income. Land is not depreciated.

The estimated useful lives of significant items of property and equipment are as follows:

Freehold buildings and construction	-	2%
Plant and machinery	-	3.5% - 12.5%
Water schemes	-	3.5% - 10%
Motor vehicles	-	8% - 17%
Office equipment	-	10% - 20%
Furniture and fittings	-	10%
Bearer plants	-	1.05% - 16.67%

Economic lives and residual values are reassessed annually and adjusted where appropriate.

4.6 Biological assets

Tea, timber, macadamia and maize are measured at fair value at the point of harvest. Standard ratios for conversion of green leaf to made tea and dehusking of macadamia nuts to kernels are applied. The fair value is determined by predetermined out grower rates that the company has consistently applied in respect of its green leaf and macadamia nuts biological assets at the point of harvest. Fair value for biological asset of timber is determined by the standard purchase out growers rates at the estimated yield per hectare proportionate to the level of maturity.

4.7 Inventories

Inventories including consumable stores, made tea and macadamia stocks are stated at the lower of cost and net realisable value. Cost is determined using weighted average cost method. The cost of made tea and macadamia comprise direct labour, other direct costs and the related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

4. Summary of material accounting policies (continued)

4.8 Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold in the ordinary course of business. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of the receivables. Bad debts are written off during the year in which they are identified. Impairment is calculated as the difference between carrying amount and present values of expected cash flow from customers.

4.9 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indicator exists, then the assets recoverable amount is estimated.

For impairment testing assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that is largely independent of the cash inflows of other assets or cash generating units. Goodwill arising from a business combination is allocated to cash generating units or groups of cash generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell.

Value in use is based on the estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

4.10 Financial assets

4.10.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Company does not currently have any financial assets other than trade and other receivables and cash and cash equivalents.

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 are included in current assets. The Company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

4.10.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

4.10.3 *Derecognition*

Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

4 Summary of material accounting policies (continued)

4.10 Financial assets (continued)

4.10.4 *Offsetting*

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

4.10.5 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired if there is objective evidence of one or more events that occurred after the initial recognition of the assets (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The criteria that the Company uses to determine whether there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligant;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Company, for economic or legal reasons relating to the debtors financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) Adverse changes in the payment of borrowers in the portfolio;
  - (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

The amount of the loss is then measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtors credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss and other comprehensive income.

4.11 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are disclosed as current liabilities in the statement of financial position. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

4. Summary of material accounting policies (continued)

4.12 Deferred and current income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised in equity.

The current income tax charge is calculated on the basis of tax rates and laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.13 Employee benefits

4.13.1 Pension

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in the statement of profit or loss and other comprehensive income. The Company has no further obligations once the contributions have been made.

4.13.2 Other long-term employee benefits

Severance pay
The Company's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods.

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

4.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligations has been reliably estimated. Where it cannot be, the obligation is disclosed as a contingent liability.

4.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current as well as non-current liabilities since some are long term in nature. Those borrowings that fall due for payment within 12 months from the financial position date are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

4. Summary of material accounting policies (continued)

4.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

4.17 Equity

Ordinary shares, share premium, revaluation and indexation surpluses, non-distributable and distributable retained earnings are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

4.18 Financial instruments

Non-derivative financial assets and financial liabilities

Recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Classification and initial measurement of financial assets

On initial recognition, financial assets are measured at fair value plus directly attributable transaction costs, unless the instrument is classified as at fair value through profit or loss.

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

4. Summary of significant accounting policies (continued)

4.18 Financial instruments (continued)

Derecognition
Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Offsetting
Financial assets and liabilities are set off and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

The Company has the following financial assets which are all classified as loans and receivables:

Trade receivables
Trade receivables are measured on initial recognition at fair value, being the consideration expected to be received on settlement plus directly attributable costs. Subsequent measurement is at amortised cost using the effective interest method less impairment losses. Appropriate impairment allowances are recognised in the profit or loss when there is objective evidence that the asset is impaired.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost which approximates fair value. For the purposes of the statements of cash flows, cash and cash equivalents include bank overdrafts.

The Company has the following financial liabilities:

Loans and borrowings
Interest-bearing bank loans and overdrafts are initially measured at fair value plus transaction costs, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs (see note 3.15).

Trade payables and accruals
Trade payables are initially measured at fair value, being the amount expected to be incurred on settlement plus directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest method.

4. Summary of significant accounting policies (continued)

4.20 Financial instruments (continued)

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking approach to recognize expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of these requirements include loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

In thousands of Malawi Kwacha

5. Financial Risk Management

5.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Those charged with governance provide principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, currency exposures, interest rate risk and credit risk and investment of excess liquidity.

5.2 Financial risk management objectives

The following is the analysis of the financial instruments:

	Note	2025	2024
Financial assets			
Trade and other receivables	14	**2,486,971**	1,598,930
Cash and cash equivalents	15	**6,830**	931
		2,493,801	1,599,861
Financial liabilities			
Trade and other payables	18	**1,617,220**	1,610,049
Borrowings	16	**5,231,766**	5,887,451
Bank overdraft	15	**5,303,844**	5,251,325
		12,152,830	12,748,825

5.3 Market risk management strategies

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

In thousands of Malawi Kwacha

5. Financial Risk Management (continued)

5.4 Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. The trading in a strong foreign currency acts as a hedge against exchange rate fluctuations.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities are as follows:

US$ denominated assets	**2025**	2024
Trade receivables	**2,252,079**	1,359,061
US$ denominated liabilities		
Bank overdraft	**5,095,564**	4,622,112
Borrowings	**5,231,766**	5,887,451
	10,327,330	10,509,563

Foreign currency sensitivity analysis

The Company's sensitivity is a 5% increase and decrease in the Malawi Kwacha against the United States Dollar. 10% is the rate management uses when doing variance analyses.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the period end for a 5% change in foreign currency rate. A negative number below indicates a decrease in profit where Malawi Kwacha weakens 5% against the United States Dollar. For a 5% strengthening of the Malawi Kwacha against the United States Dollar, there would be an equal and opposite impact on profit.

	2025	2024
Loss	**(403,402)**	(457,525)

The above movement is mainly attributable to the exposure outstanding of the carrying of the Company's foreign currency denominated monetary assets and liabilities.

The Company manages foreign currency risk by maintaining sufficient resources in its foreign currency denominated account by which it largely transacts its sales to meet foreign currency liabilities.

5.5 Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating rate. The risk is managed by the company by maintaining an appropriate mix between fixed and semi – fixed rates borrowings.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on exposure to interest rate for non-derivative instruments at the reporting date. For the floating rate and semi-floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. The floating rate has been assumed at 5.1% above the reference rate of 24.9% which gives an effective interest rate of 30**%** (2024:30%) and semi-floating rate has been assumed at twelve months TERM SOFR of 4.28% plus credit adjustment spread of 3.46% making an effective rate of **7.74%** (2024: 9.22%)

A 5% increase or decrease in floating rate has been adopted and 0.5% increase or decrease has been adopted in semi-floating rates.

If the floating interest rates had been 5% higher/lower and all other variables were held constant, the company's profit for the period ended 31 March 2025 would have decreased/increased by **MK 33.24 million** (2024: MK38.75 million).

If the semi-floating rates had been 0.5.% higher/lower and all other variables were held constant, the Company's profit for the period ended 31 March 2025 would decrease/increase by **MK 0.754 million** (2024: MK0.983 million).

In thousands of Malawi Kwacha

5. Financial Risk Management (continued)

5.6 Credit risk management

The Company is exposed to risk of failure by customers to honour their debts. Trade receivables mainly consist of private sales and auction sales which have proved to be reliable customers in the past. The company does not have significant credit risk exposure.

	2025	2024
Maximum credit risk exposure	2,252,079	1,359,061

The ageing of trade receivables at the reporting date was:

	2025 Gross	2025 Impairment	2025 Total	2024 Gross	2024 Impairment	2024 Total
Not past due	2,259,295	7,216	2,252,079	1,359,061	-	1,359,061

5.7 Liquidity risk management

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 Company's short, medium and long-term funding and liquidity management requirements. The Company 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.

Maturity analysis for financial assets and financial liabilities are detailed below:

31 March 2025

	Note	Up to 1 month	1 to 3 months	3 to 12 months	More than 12 months	Total	Fair value
Financial assets							
Trade and other receivables	14	2,226,254	-	260,717	-	2,486,971	2,486,971
Cash and cash equivalents	15	6,830	-	-	-	6,830	6,830
		2,233,084	-	260,717	-	2,493,801	2,493,801
Financial liabilities							
Trade payables	18	122,224	564,490	228,404	-	915,118	915,118
Borrowings	16	-	-	2,401,684	2,830,082	5,231,766	5,231,766
Bank overdraft	15	-	-	5,303,844	-	5,303,844	5,303,844
Total financial liabilities		122,224	564,490	7,933,932	2,830,082	11,450,728	11,450,728
Periodic gap		2,110,860	(564,490)	(7,673,215)	(2,830,082)	(8,956,927)	(8,956,927)
Cumulative gap		2,110,860	1,546,370	(6,126,845)	(8,956,927)	(8,956,927)	(8,956,927)

31 March 2024

	Note	Up to 1 month	1 to 3 months	3 to 12 months	More than 12 months	Total	Fair value
Financial assets							
Trade and other receivables	14	1,223,573	12,686	362,162	509	1,598,930	1,598,930
Cash and cash equivalents	15	931	-	-	-	931	931
		1,224,504	12,686	362,162	509	1,599,861	1,599,861
Financial liabilities							
Trade payables	18	186,761	260,851	544,611	51,315	1,043,538	1,043,538
Borrowings	16	-	-	2,233,160	3,654,291	5,887,451	5,887,451
Bank overdraft	15	-	-	5,251,325	-	5,251,325	5,251,325
Total financial liabilities		186,761	260,851	8,029,096	3,705,606	12,182,314	12,182,314
Periodic gap		1,037,743	(248,165)	(7,666,933)	(3,705,098)	(10,582,453)	(10,582,453)
Cumulative gap		1,037,743	789,578	(6,877,355)	(10,582,453)	(10,582,453)	(10,582,453)

In thousands of Malawi Kwacha

5. Financial Risk Management (continued)

5.8 Financial instruments – Fair values and risk management

a) Accounting classifications and fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on various methods. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to those assets or liabilities.

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2025

	Note	Carrying amount	Fair value through profit & loss	Assets/liabilities at amortised cost	Total
Financial assets not measured at fair value					
Trade and other receivables	14	2,486,971	-	2,486,971	2,486,971
Cash and cash equivalents	15	6,830	-	6,830	6,830
		2,493,801	-	2,493,801	2,493,801
Financial liabilities not measured at fair value					
Borrowings	16	5,231,766	-	5,231,766	5,231,766
Trade and other payables	17	1,617,220	-	1,617,220	1,617,220
Bank overdrafts	15	5,303,844	-	5,303,844	5,303,844
		12,152,830	-	12,152,830	12,152,830

In thousands of Malawi Kwacha

5. Financial Risk Management (continued)

5.8 Financial instruments – Fair values and risk management (continued)

31 March 2024

	Note	Carrying amount	Fair value through profit & loss	Assets/liabilities at amortised cost	Total
Financial assets not measured at fair value					
Trade and other receivables	13	1,748,930	-	1,748,930	1,748,930
Cash and cash equivalents	14	931	-	931	931
		1,749,861	-	1,749,861	1,749,861
Financial liabilities not measured at fair value					
Borrowings	16	5,887,451	-	5,887,451	5,887,451
Trade and other payables	18	1,610,049	-	1,610,049	1,610,049
Bank overdrafts	15	5,251,325	-	5,251,325	5,251,325
		12,748,825	-	12,748,825	12,748,825

In thousands of Malawi Kwacha

		2023	2024
6.	**Revenue** *See accounting policy note 3.2.1*		
	Tea	**3,060,890**	2,460,763
	Macadamia	**3,175,037**	2,803,053
		6,235,927	5,263,816
7.	**Other income** *See accounting policy note 3.2.2*		
	Other income	**845,643**	644,908
		845,643	644,908
8.	**Cost of sales, selling and administration expenses**		
8(a).	**Cost of sales**		
	Tea	**2,327,823**	2,127,522
	Macadamia	**1,471,455**	2,026,234
		3,799,278	4,153,756
8(b).	**Selling expenses**		
	Tea	**185,988**	84,852
	Macadamia	**213,060**	416,829
		399,048	501,681
8(c).	**Administration expenses**		
	Auditor's remuneration – current	**50,077**	41,731
	– prior year under provision	**1,482**	1,076
	Bank charges	**58,747**	49,621
	Depreciation (Note 10)	**2,121,350**	1,769,668
	Directors Fee	**2,423**	2,383
	Insurance expenses	**65,958**	56,905
	Legal fees and other professional services fees	**102,726**	31,282
	Other costs	**247,060**	233,516
	Repairs and maintenance expenses	**17,548**	12,929
	Salaries and wages	**281,767**	249,883
	Travelling expenses	**67,400**	51,929
	Provision for impairment of trade and other receivables	**103,143**	-
	Total administration expenses	**3,119,681**	2,500,923
9.	**Finance cost** *See accounting policy note 3.2.3*		
	Exchange gain/(loss)		
	Realised exchange gain/(loss)	**85,797**	(2,582,847)
	Unrealised exchange loss	**-**	(1,788,238)
	Total exchange gain/(loss)	**85,797**	(4,371,085)

There is a gain of **K85.80 million** (2024: loss of K4,371.09 million) as a result of exchange rate movement on translation of foreign currency bank balances and borrowing.

	2023	2024
Finance cost		
Interest expense paid	**(753,572)**	(636,125)
Accrued interest expense	**(76,772)**	(96,270)
Total Finance costs	**(830,344)**	(732,395)

In thousands of Malawi Kwacha

10. Taxation

See accounting policy note 3.12

	2025	2024
The taxation charge for the year comprises:		
Current tax expense	-	-
Deferred tax expense/(credit)	**1,682,566**	(2,669,246)
Previous year's income tax overprovision	-	-
Total income tax charge/(credit)	**1,682,566**	(2,669,246)
Income Tax reconciliation		
(Loss)/profit before taxation	**(170,915)**	(5,411,108)
Income tax @ **30%** (2023: 30%)	**(51,275)**	(1,623,333)
Non-deductible expenses	**1,733,841**	(1,045,913)
	1,682,566	(2,669,246)
Current tax (assets)/liabilities		
At 1 April	**(4,945)**	(1,512)
Income tax paid	-	(3,433)
At 31 March	**(4,945)**	(4,945)

Deferred tax

	2025 Assets	2025 Liabilities	2025 Net	2024 Assets	2024 Liabilities	2024 Net
Property, Plant and Equipment	-	**14,985,670**	**14,985,670**	-	16,184,240	16,184,240
Unrealised exchange losses	-	-	-	-	712,720	712,720
Excess capital allowance	**275,648**	-	**(275,648)**	2,740,994	-	(2,740,994)
Provisions	**80,153**	-	**(80,153)**	32,200	-	(32,200)
Fair value on biological assets		**243,020**	**243,020**	-	282,002	282,002
Tax losses	**1,086,680**	-	**(1,086,680)**	1,103,554	-	(1,103,554)
	1,442,481	**15,228,690**	**13,786,209**	3,876,748	17,178,962	13,302,214

	Balance at 1 April 2024	**Recognised in profit or loss**	**Recognised in comprehensive income**	**Balance at 31 March 2025**
Property, plant and equipment	**16,184,240**	-	**(1,198,570)**	**14,985,670**
Unrealised exchange losses	**712,720**	**(712,720)**	-	-
Excess capital allowance	**(2,740,994)**	**2,465,346**	-	**(275,648)**
Provisions	**(32,200)**	**(47,953)**	-	**(80,153)**
Fair value on biological assets	**282,002**	**(38,982)**	-	**243,020**
Tax losses	**(1,103,554)**	**16,874**	-	**(1,086,680)**
	13,302,214	**1,682,566**	**(1,198,570)**	**13,786,210**

	Balance at 1 April 2023	Recognised in profit or loss	Recognised in comprehensive income	Balance at 31 March 2024
Property, plant and equipment	12,082,734	-	4,101,506	16,184,240
Unrealised exchange losses	(197,127)	909,847	-	712,720
Excess capital allowance	118,924	(2,859,918)	-	(2,740,994)
Development expenses	(30,222)	(1,978)	-	(32,200)
Provisions	240,874	41,128	-	282,002
Fair value on biological assets	(345,229)	(758,325)	-	(1,103,554)
Tax losses	11,869,954	(2,669,246)	4,101,506	13,302,214

In thousands of Malawi Kwacha

11 (a) Property plant and equipment
See accounting policy note 3.4

	Freehold land and development	Freehold buildings and constructions	Plant and Machinery	Motor vehicles	Water Schemes	Furniture. fittings and equipment	Capital work in progress	Total
Cost/valuation								
2025								
At 1 April 2024	**12,732,669**	**8,042,081**	**2,913,999**	**473,396**	**34,049**	**54,092**	**-**	**24,250,286**
Additions during the year	**-**	**6,487**	**-**	**10,300**	**-**	**692**	**822**	**18,301**
At 31 March 2025	**12,732,669**	**8,048,568**	**2,913,999**	**483,696**	**34,049**	**54,784**	**822**	**24,268,587**
Depreciation								
2025								
At 1 April 2024	**-**	**-**	**-**	**318,464**	**30,256**	**41,294**	**-**	**390,014**
Charge for the year	**-**	**382,128**	**437,573**	**44,351**	**881**	**4,197**	**-**	**869,130**
At 31 March 2025	**-**	**382,128**	**437,573**	**362,815**	**31,137**	**45,491**	**-**	**1,259,144**
Cost/valuation								
2024								
At 1 April 2023	3,679,986	5,768,171	1,537,725	509,614	34,049	52,752	-	11,582,297
Additions during the year	-	-	-	3,161	-	1,340	-	4,501
Revaluation surplus	-	-	(5,046)	(39,379)	-	-	-	(44,425)
Impairment	9,052,683	2,273,910	1,381,320	-	-	-	-	12,707,913
At 31 March 2024	12,732,669	8,042,081	2,913,999	473,396	34,049	54,092	-	24,250,286
Depreciation								
2024								
At 1 April 2023	-	284,270	215,200	311,882	27,772	37,099	-	876,223
Charge for the year	-	284,833	181,569	45,961	2,484	4,195	-	519,042
Eliminated on disposals	-	-	(2,098)	(39,379)	-	-	-	(41,477)
Eliminated on revaluation	-	(569,103)	(394,671)	-	-	-	-	(963,774)
At 31 March 2024	-	-	-	318,464	30,256	41,294	-	390,014
Carrying amount								
At 31 March 2025	**12,732,669**	**7,666,440**	**2,476,426**	**120,881**	**2,912**	**9,293**	**822**	**23,009,443**
At 31 March 2024	12,732,669	8,042,081	2,913,999	154,932	3,793	12,798	-	23,860,272

In thousands of Malawi Kwacha

11 (b) Property plant and equipment
See accounting policy note 3.4

	Capital WIP Bearer Plants	Bearer Plants	Total
Cost/valuation			
2025			
At 1 April 2024	**740,111**	**26,403,664**	**27,143,775**
Additions during the year	**130,210**	**-**	**130,210**
Transfer from WIP	**(71,727)**	**71,727**	**-**
At 31 March 2025	**798,594**	**26,475,391**	**27,273,985**
Depreciation			
2025			
At 1 April 2024	-	**2,501,251**	**2,501,251**
Charge for the year	-	**1,252,220**	**1,252,220**
At 31 March 2025	-	**3,753,471**	**3,753,471**
Cost/valuation			
2024			
At 1 April 2023	641,148	26,403,664	27,044,812
Additions during the year	98,963	-	98,963
At 31 March 2024	740,111	26,403,664	27,143,775
Depreciation			
2024			
At 1 April 2023	-	1,250,625	1,250,625
Charge for the year	-	1,250,626	1,250,626
At 31 March 2024	-	2,501,251	2,501,251
Carrying amount			
At 31 March 2025	**798,594**	**22,721,920**	**23,520,514**
At 31 March 2024	740,111	23,902,413	24,642,524

In thousands of Malawi Kwacha

12. Biological assets

See accounting policy note 3.5

	2025	2024
At the beginning of period	**2,968,114**	1,964,203
Additions during the year	**223,767**	63,903
Reclassification to inventory	**(26,064)**	-
Fair value gains/(loss)	**810,069**	940,008
Balance at 31 March	**3,975,886**	2,968,114

Fair value movement in the year

	2025	2024
Analysed as:		
Tea	**26,379**	78,088
Macadamia	**143,242**	(58,157)
Timber plantation	**640,448**	920,077
	810,069	940,008

Information required in connection with Biological Assets

2025

Other information	Tea	Macadamia	Total
Hectarage covered at year end	**1,281**	**540**	**1,821**
Total tonnage harvested during the year	**6,426**	**2,226**	**8,652**
The proceeds net of point of sales costs (MK)	**2,874,903**	**2,961,976**	**5,836,879**

Information required in connection with Biological Assets

2024

Other information	Tea	Macadamia	Total
Hectarage covered at year end	1,281	508	1,789
Total tonnage harvested during the year	6,622	1,814	8,436
The proceeds net of point of sales costs	2,375,910	2,386,224	4,762,135

In thousands of Malawi Kwacha

13. Inventories

See accounting policy note 3.6

	2025	2024
Finished goods:		
- Macadamia	**687,759**	417,676
- Made tea	**1,210,360**	737,398
Consumables	**298,639**	345,393
Nursery	**22,241**	27,249
	2,218,999	1,527,716

14. Trade and other receivables

See accounting policy note 3.7

	2025	2024
Trade receivables	**2,259,295**	1,359,061
Provision for impairment of trade receivables	**(7,216)**	-
	2,252,079	1,359,061
Other receivables	**330,819**	239,869
Provision for impairment of other receivables	**(95,927)**	-
	234,892	239,869
Total	**2,486,971**	1,598,930

The carrying amounts of trade and other receivables approximates their fair value due to their short-term nature.

There is impairment of **MK103.143** million in the trade and other receivables at 31 March 2025 (2024: MK nil).

The Company did not hold any collateral on the receivables.

15. Cash and cash equivalents

See accounting policy note 3.11

	2025	2024
Cash at bank	**6,830**	931
Overdrafts presented in current liabilities	**(5,303,844)**	(5,251,325)
Cash and cash equivalents as disclosed in statement of cashflows	**(5,297,014)**	(5,250,394)

The overdraft facilities are with Standard Bank and National Bank of Malawi Plc. A total bank overdraft facility limit of **US$1.15 million** with Standard Bank is secured by way of mortgage charged on Naming'omba while a total overdraft facility limits of **US$ 1.95 million** and **MK350 million** with National Bank of Malawi Plc are also secured by way of mortgage created and charged on the same Naming'omba Tea Estates. All the US$ denominated loans and overdrafts accrue interest at **7.5%** (2024: 7.75%) while the Malawi Kwacha overdraft facility accrues interest at 5.1% above the reference rate currently at 24.9% making an effective interest rate of **30%** p.a. (2024: 30% p.a.) All the overdraft facilities are secured by way of legal mortgage charged over property held on Deeds Registry numbers 92113, 92114, 92115, 92116, 92117 and 92118 situated in Thyolo district.

In thousands of Malawi Kwacha

16. Long term Borrowings

	2025	2024
a. Standard Bank		
Opening balance	**125,523**	579,842
Payment during the year	**(88,699)**	(636,219)
Exchange (gain)/loss	**(36,824)**	181,900
Closing balance	**-**	125,523
b. National Bank of Malawi		
Opening balance	**5,761,928**	4,148,778
Receipts during the year	**1,473,758**	330,329
Payments	**(1,819,524)**	(1447,534)
Exchange (gain)/loss	**(184,396)**	2,730,355
Closing balance	**5,231,766**	5,761,928
Total borrowings	**5,231,766**	5,887,451
Split as follows:		
Non-current	**2,830,082**	3,654,291
Current	**2,401,684**	2,233,160
	5,231,766	5,887,451

Standard Bank PLC loan interest is charged at 12 months US Term Secured Overnight Financing Rate (Term SOFR) plus a credit adjustment spread of 0.2616% and credit margin of 4.3% per annum. The facility is secured by way of mortgage charged over property held on Deeds Registry number 92113 situated in Thyolo district.

National Bank of Malawi granted a long-term loan of USD 4,623,850 repayable semi-annually over a period of 5 years and the first instalment was due and paid on 30th January 2021 and a second long-term loan of USD 1,500,000 repayable semi-annually over a period of 5 years and the first instalment was due and paid on 30th November 2023. During the current financial year, the bank made a partial loan disbursement of USD 850,000 towards a third new loan facility of USD 1,500,000 which was signed in January 2025 with a twelve months' moratorium period and is also repayable semi-annually over a period of 5 years starting from 30th January 2026. All these credit facilities are secured by way of legal mortgage charged over property held on Deeds Registry numbers 92114,92115, 92116, 92117 and 92118 situated in Thyolo district. Interest is charged at a flat rate of 7.5% per annum.

In thousands of Malawi Kwacha

17. Equity

17.1 Share capital

See accounting policy note 3.17

	2025	2024
Authorised:		
1,650,000 ordinary shares of K1 each	**1,650**	1,650
Issued and fully paid:		
At the beginning of period	**1,409**	1,353
Issue of new shares during the year	**68**	56
At 31 March	**1,477**	1,409

There are 1,477,931 (2024: 1,409,438) issued and fully paid shares and a total number of shares of **172,069** (2024: **240,562**) remain unissued.

The holders of ordinary share capital are entitled to dividend as declared in the annual general meeting.

17.2 Share premium

	2025	2024
At the beginning of period	**1,894,501**	1,026,892
Arising from issue of new shares during the year	**1,386,998**	867,609
At 31 March	**3,281,499**	1,894,501

17.3 Property revaluation reserve

Property revaluation reserve represents the increase in value of property arising from revaluation of property from time to time. It is not available for distribution to shareholders.

	2025	2024
At the beginning of period	**17,841,972**	8,271,791
Revaluation surplus for the year	-	13,671,687
Deferred tax on revaluation	**1,198,570**	(4,101,506)
At 31 March	**19,040,542**	17,841,972

17.4 Bearer plants revaluation reserve

Bearer plants revaluation reserve represents increase in value of bearer plants arising from revaluation surplus from time to time and it is not available for distribution to shareholders.

	2025	2024
At the beginning of period	**15,950,490**	17,201,116
Revaluation surplus for the year	**-**	-
Deferred tax on revaluation	**-**	-
Transfer of excess depreciation to distributable reserves	**(1,252,220)**	(1,250,626)
At 31 March	**14,698,270**	15,950,490

The company's biological assets of bearer plants were last revalued as at 31st March 2022 by Mr. Dick Mupambireyi, an Agricultural Valuation Consultant of ProVal Consultancy (Pvt) Company Limited of Zimbabwe. He is an Associate member of the Real Estate Institute of Zimbabwe with over 20 years of post-qualification experience on the valuation of Agricultural properties in Africa. He also has a B.Sc. Agricultural (Hons) degree and a Masters' degree in Rural and Urban Planning from the University of Zimbabwe. The valuer has been consistently engaged in the valuation of biological assets for Naming'omba Tea Estates Limited since March 2016 to date.

During the financial year 2022/23, the Company discontinued carrying of its biological assets of bearer plants at revaluation and adopted its carrying amounts at the previous reporting date as its deemed cost. The Company has carried depreciation on the bearer plants prospectively in line with IAS16: *Property Plant and Equipment*

In thousands of Malawi Kwacha

		2025	2024
17.	**Equity (continued)**		
17.5	**Capital reserve**	**301,564**	301,564

Capital reserve arose following injection of additional capital by the shareholders to settle liabilities directly with creditors. It is not available for distribution.

17.6 Biological assets revaluation reserve

Biological assets revaluation reserve represents the increase in fair value of the biological assets following revaluations of the biological assets to their fair value less deferred income tax. The revaluation reserve is not available for distribution to the shareholders.

	2025	2024
At the beginning of period	**1,622,646**	964,640
Revaluation surplus for the year	**810,069**	940,008
Deferred tax on revaluation	**(243,021)**	(282,002)
At 31 March	**2,189,694**	1,622,646

18. Trade and other payables

See accounting policy note 3.16

	2025	2024
Trade payables	**915,118**	1,043,538
Other payables	**702,102**	566,511
	1,617,220	1,610,049

18.1 Other payables

See accounting policy note 3.13 and 3.14

	2025	2024
Employee accruals	**322,992**	246,955
Other accruals	**379,110**	319,556
	702,102	566,511

18.2 Employee accruals

See accounting policy note 3.13

	2025	2024
Wages accruals	**184,635**	159,396
Gratuity	**67,816**	44,205
Leave pay	**70,541**	43,354
	322,992	246,955

18.3 Other accruals

See accounting policy note 3.14

	2025	2024
At the beginning of period	**319,556**	294,639
Net movements during the period	**59,554**	24,917
	379,110	319,556

In thousands of Malawi Kwacha

19. Going concern basis of accounting

The Company has reported a loss of **MK 1,853.4 million** (2024: Loss MK**2,741.9** million). The Company's current liabilities of **MK9.3 billion** exceed the current assets by **MK0.629 billion**.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to meet the mandatory repayment terms of all its liabilities as and when they fall due. The shareholder through the ultimate parent company, Gillander Holdings (Mauritius) Limited have committed to continue providing financial and other support to the company to continue its trade. During the year ended 31 March 2025, the parent company injected US$800,000 in additional capital. The company's approved budgets for the ensuing year, supports the going concern assumptions that have been used in preparing these financial statements. The management has got plans to increase volume of macadamia nuts, through increasing hectarage in order to increase future production volumes and revenue generation capacity.

20. Contingencies

There were contingencies as at 31 March 2025 amounting to **MK50.4 million** (2024: MK50.4 million), arising from the fact that the Company is a defendant in a number of legal cases that are before the Courts of Malawi. While liability is not admitted, the directors have formed an opinion that their outcome would not have a significant impact on the results of the Company.

21. Exchange rates and inflation

The average of the year end middle rates of major foreign currencies affecting the performance of the Company are stated below, together with the increase in the National Consumer Price Index, which represents an official measure of inflation.

Exchange rates	**2025**	2024
Kwacha/GBP	**2,396.9**	2,258.7
Kwacha/Rand	**95.8**	94.7
Kwacha/US Dollar	**1,733.8**	1,733.8
Inflation rate %	**30.5%**	33.5%
At the time of approval of these financial statements, the exchange rates had moved to:		
Kwacha/GBP	**2,399.6**	
Kwacha/Rand	**98.2**	
Kwacha/US Dollar	**1,751.0**	
Inflation rate %	**31%**	

22. Capital commitments

There were no capital commitments as at 31 March 2025 (2024: MKnil).

23. Events after the reporting date

There have been no events subsequent to year end necessitating adjustments or disclosures to these financial statements.