

NAMING'OMBA TEA ESTATES LIMITED

FINANCIAL STATEMENTS

For the year ended

31 MARCH 2026

NAMING'OMBA TEA ESTATES LIMITED

FINANCIAL STATEMENTS
For the year ended 31 March 2026

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NAMING'OMBA TEA ESTATES LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2026

The Directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 March 2026.

Incorporation and registered office

Naming'omba Tea Estates Limited (the Company) 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 2026, the Board of Directors have not proposed any dividend on the ordinary shares of the Company (2025: Nil).

Directors and secretary

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

<u>Name</u>	<u>Position</u>	<u>Nationality</u>
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	02-05-2025	28-11-2025
Mr. Arthur Alick Msowoya	Chairman	√	√
Mr. Anand Vardhan Kothari	Director	X	X
Mr. Vijay Kumar	Director	√	√
Mr. Remmie Ng'omba	Director	√	√
Mrs. Susan Mkandawire	Company Secretary	√	√

Key:

√ = Attended


X = Apology

Auditors

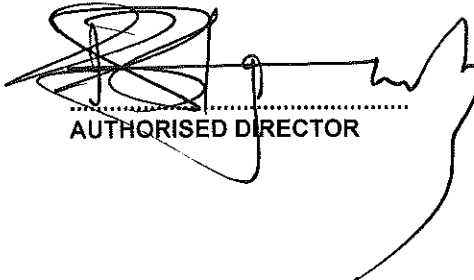
Messrs Grant Thornton, Chartered Accountants (Malawi), have expressed their willingness to continue in office as auditors in respect of the company's 31 March 2027 financial statements and a resolution proposing their appointment will be tabled at the Annual General Meeting.

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.


.....
AUTHORISED DIRECTOR

4th May 2026


.....
AUTHORISED DIRECTOR

NAMING'OMBA TEA ESTATES LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT
For the year ended 31 March 2026

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 2026, 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.

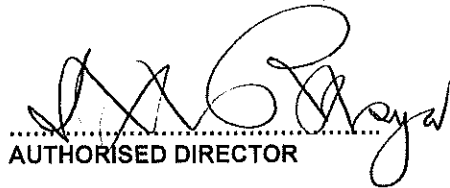
The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error and for maintaining adequate accounting records and an effective system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

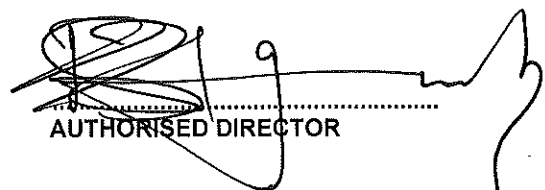
The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

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 4th May 2026 and were signed on its behalf by:


.....
AUTHORISED DIRECTOR


.....
AUTHORISED DIRECTOR

**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 2026, 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 2026, 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.

**Grant Thornton
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Chartered
Accountants and
Business Advisors**

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF NAMING'OMBA TEA ESTATES LIMITED
For the year ended 31 March 2026

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 Malawi
Chartered Accountants



Hastings Bofomo Nyirenda
Chartered Accountant (Malawi)
Partner

Biantyre, Malawi

6 May 2026

NAMING'OMBA TEA ESTATES LIMITED

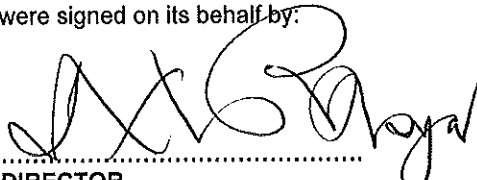
STATEMENT OF FINANCIAL POSITION

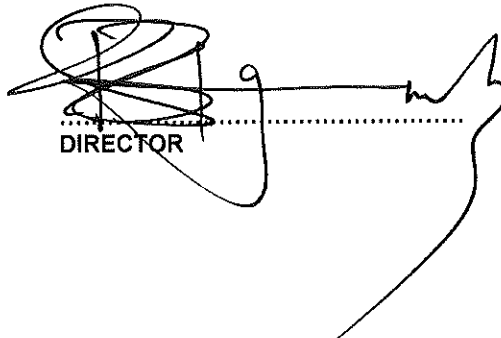
At 31 March 2026

In thousands of Malawi Kwacha

	<u>Note</u>	<u>2026</u>	<u>2025</u>
ASSETS			
Non-current assets			
Property, plant and equipment	11(a)	22,240,859	23,009,443
Bearer plants	11(b)	<u>22,860,705</u>	<u>23,520,514</u>
Total Non-current assets		<u>45,101,564</u>	<u>46,529,957</u>
Currents assets			
Biological assets	12	5,030,797	3,975,886
Inventories	13	3,063,971	2,218,999
Trade and other receivables	14	2,158,378	2,486,971
Income tax receivable	10	-	4,945
Cash and cash equivalents	15	<u>8,971</u>	<u>6,830</u>
Total current assets		<u>10,262,117</u>	<u>8,693,631</u>
Total assets		<u>55,363,681</u>	<u>55,223,588</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17.1	1,478	1,478
Share premium	17.2	3,281,499	3,281,499
Property revaluation reserve	17.3	16,270,346	17,022,462
Bearer plants revaluation reserve	17.4	13,757,127	14,698,270
Capital reserve	17.5	301,564	301,564
Biological assets revaluation reserve	17.6	2,913,196	2,189,693
Accumulated losses		<u>(7,780,236)</u>	<u>(8,210,416)</u>
Total equity		<u>28,744,974</u>	<u>29,284,550</u>
Non-current liabilities			
Borrowings	16	4,052,706	2,830,082
Deferred tax liability	10	<u>13,641,605</u>	<u>13,786,208</u>
Total non-current liabilities		<u>17,694,311</u>	<u>16,616,290</u>
Current liabilities			
Bank overdraft	15	5,831,766	5,303,844
Trade and other payables	18	1,639,729	1,617,220
Income tax payable	10	28,807	-
Borrowings	16	<u>1,424,094</u>	<u>2,401,684</u>
Total current liabilities		<u>8,924,396</u>	<u>9,322,748</u>
Total liabilities		<u>26,618,707</u>	<u>25,939,038</u>
Total equity and liabilities		<u>55,363,681</u>	<u>55,223,588</u>

These financial statements were approved for issue by the Company's board of Directors on 4th May 2026 and were signed on its behalf by:


.....
DIRECTOR


.....
DIRECTOR

NAMING'OMBA TEA ESTATES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2026

In thousands of Malawi Kwacha

	<i>Note</i>	<u>2026</u>	<u>2025</u>
Revenue	6	6,750,230	6,235,927
Cost of sales	8(a)	<u>(4,758,274)</u>	<u>(3,799,278)</u>
Gross profit		1,991,956	2,436,649
Other income	7	547,729	845,643
Fair value gain	12	1,033,575	810,069
Selling expenses	8(b)	<u>(417,014)</u>	<u>(399,048)</u>
Administration expenses	8(c)	<u>(2,962,097)</u>	<u>(3,119,681)</u>
Operating profit		194,149	573,632
Exchange gain	9	54,226	85,797
Finance cost	9	<u>(898,804)</u>	<u>(830,344)</u>
Loss before taxation		(650,429)	(170,915)
Income tax credit/(expense)	10	<u>110,853</u>	<u>(483,996)</u>
Loss after tax		<u>(539,576)</u>	<u>(654,911)</u>
Other comprehensive income			
<i>Items that will not be classified to profit or loss</i>			
Total comprehensive income for the year		<u>(539,576)</u>	<u>(654,911)</u>

NAMING'OMBA TEA ESTATES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2026

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
2026								
Balance as at 1 April 2025	1,478	3,281,499	17,022,462	14,698,270	301,564	2,189,693	(8,210,416)	29,284,550
<i>Other comprehensive income</i>								
Loss for the year	-	-	-	-	-	-	(539,576)	(539,576)
Revaluation surplus	-	-	-	-	-	-	-	-
Deferred tax on revaluation surplus	-	-	-	-	-	-	-	-
Total other comprehensive income	1,478	3,281,499	17,022,462	14,698,270	301,564	2,189,693	(8,749,992)	28,744,974
Issue of new shares								
<i>Transfers within reserves</i>								
Biological assets fair value gains transferred	-	-	-	-	-	1,033,575	(1,033,575)	-
-Deferred tax on fair value gains transferred	-	-	(752,116)	-	-	(310,072)	310,072	-
Transfer of depreciation charge on revalued assets	-	-	-	(941,143)	-	-	752,116	-
Transfer of excess depreciation to distributable reserves	-	-	-	-	-	-	941,143	-
Balance at 31 March 2026	1,478	3,281,499	16,270,346	13,757,127	301,564	2,913,196	(7,780,236)	28,744,974
2025								
Balance as at 1 April 2024	1,410	1,894,501	17,841,972	15,950,490	301,564	1,622,645	(9,060,187)	28,552,395
<i>Other comprehensive income</i>								
Loss for the year	-	-	-	-	-	-	(654,911)	(654,911)
Revaluation surplus	-	-	-	-	-	-	-	-
Deferred tax on revaluation surplus	-	-	-	-	-	-	-	-
Total other comprehensive income	1,410	1,894,501	17,841,972	15,950,490	301,564	1,622,645	(9,715,098)	27,897,484
Issue of new shares	68	1,386,998	-	-	-	-	-	1,387,066
<i>Transfers within reserves</i>								
Biological assets fair value gains transferred	-	-	-	-	-	810,069	(810,069)	-
-Deferred tax on fair value gains transferred	-	-	-	-	-	(243,021)	243,021	-
Transfer of depreciation charge on revalued assets	-	-	(819,510)	(1,252,220)	-	-	819,510	-
Transfer of excess depreciation to distributable reserves	-	-	-	-	-	-	1,252,220	-
Balance at 31 March 2025	1,478	3,281,499	17,022,462	14,698,270	301,564	2,189,693	(8,210,416)	29,284,550

Accumulated losses have been adjusted for depreciation relating to the revaluation surplus arising on property, plant and equipment. This represents the excess depreciation charged as a result of the revaluation of assets, which has been transferred from the revaluation reserve to accumulated losses in accordance with the Company's accounting policy. Further details are disclosed in Note 17 on share capital, share premium and reserves.

NAMING'OMBA TEA ESTATES LIMITED

STATEMENTS OF CASH FLOWS
For the year ended 31 March 2026
In thousands of Malawi Kwacha

	<u>Note</u>	<u>2026</u>	<u>2025</u>
Cash flows from operating activities			
Loss before tax		(650,429)	(170,915)
<i>Adjusted for:</i>			
Depreciation	11(a)&(b)	1,740,363	2,121,350
Interest expense paid	9	849,775	753,572
Fair value gain on biological assets	12	<u>(1,033,575)</u>	<u>(810,069)</u>
Cashflows generated in operations		906,134	1,893,938
(Increase)/ decrease in inventories		(625,767)	(665,219)
Decrease/(increase) in trade and other receivables		328,594	(888,041)
Increase/(decrease) in trade and other payables		<u>22,509</u>	<u>7,171</u>
Net cash from operating activities		<u>631,470</u>	<u>347,849</u>
Cash flows from Investing activities			
Development expenditure	11(b) and 12	(521,875)	(353,977)
Proceeds from issue of new shares	17.1&17.2	-	1,387,067
Acquisition of property, plant and equipment	11(a)	<u>(30,635)</u>	<u>(18,301)</u>
Net Cash flows generated/(utilized) in investing activities		<u>(552,510)</u>	<u>1,014,789</u>
Cash flows from financing activities			
Loan receipts	16(a)	2,767,198	1,473,758
Loan repayment	16(a&b)	(2,522,164)	(2,129,444)
Interest expense paid	9	<u>(849,775)</u>	<u>(753,572)</u>
Net cash utilised in financing activities		<u>(604,741)</u>	<u>(1,409,258)</u>
Net decrease in cash and cash equivalents for the period		(525,781)	(46,620)
Cash and cash equivalents at the beginning of the period		(5,297,014)	(5,250,394)
Cash and cash equivalents at the end of the period	15	<u>(5,822,795)</u>	<u>(5,297,014)</u>

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

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. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New accounting standards, amendments and interpretations

Standards, amendments and Interpretations to existing Standards

A number of new standards, amendments to standards and interpretations are in issue for the year ended 31 December 2025. These have no material impact on the financial statements and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below.

Effective date	Standard, Amendment or Interpretation
For annual reporting periods beginning on or after 1 January 2025	<p><i>The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability (IAS 21).</i></p> <p>The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The standard is not expected to have a material impact as the applicable currency to the operations of the Group is Malawi Kwacha which is traded in formal markets in Malawi.</p>
For annual reporting periods beginning on or after 1 January 2025	<p>The amendments to the SASB Standards enhance their international applicability by removing or revising jurisdiction-specific references so the standards can be used globally. They generalise definitions and metrics to ensure relevance across different legal and regulatory environments without changing the original intent of the disclosures. Some metrics that could not be adapted internationally were removed or replaced with suitable alternatives. Overall, the amendments support consistent, comparable sustainability reporting and align the SASB Standards with IFRS S1 requirements. This amendment is not expected to have a material impact on the financial statements.</p>

Standards and Interpretations in issue, not yet effective

At the date of authorization of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Company.

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2026	<p><i>Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)</i></p> <p>The amendments clarify that financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement Date. Other clarifications include the classification of financial assets with ESG linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments.</p>

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

New accounting standards, amendments and interpretations (continued)

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

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2027.	<i>IFRS 18 'Presentation and Disclosure in Financial Statements'</i> The standard replaces IAS1 <i>Presentation of Financial Statements</i> . It sets out significant new requirements for how financial statements are presented, with particular focus on the statement of profit or loss, including requirements for mandatory sub-totals to be presented, aggregation and disaggregation of information, as well as disclosures related to management-defined performance measures.
Annual reporting periods beginning on or after 1 January 2027.	<i>IFRS 19 'Subsidiaries without Public Accountability: Disclosures'</i> This standard introduces reduced disclosure requirements for eligible subsidiaries while maintaining recognition and measurement in accordance with full IFRS Accounting Standards and provides clarifications and refinements to the disclosure requirements introduced by IFRS 19.

The Directors anticipate that these Standards and Interpretations in future periods will have no material 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.

3.3 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.

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. Basis of preparation (continued)

3.3 Use of estimates and judgements (continued)

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 have always been 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. However, during the current financial year, management had reassessed and changed the estimated economic useful life of macadamia nuts plantation from 50 years to 60 years after observing the operational reality on the ground that some macadamia nuts trees which have reached the expected economic useful life of 50 years continue to be productive and bear nuts which contribute economic value to the company. The said change in the estimated economic useful life of macadamia nuts trees has resulted into the reduction of annual depreciation charge by K311.6 million.

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.

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

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.

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

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.

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

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.

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

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.

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

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.

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

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).

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026

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.

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

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.

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

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:

	<u>Note</u>	<u>2026</u>	<u>2025</u>
Financial assets			
Trade and other receivables	14	2,158,378	2,486,971
Cash and cash equivalents	15	<u>8,971</u>	<u>6,830</u>
		<u>2,167,349</u>	<u>2,493,801</u>
Financial liabilities			
Trade and other payables	18	1,639,728	1,617,220
Borrowings	16	5,476,800	5,231,766
Bank overdraft	15	<u>5,831,766</u>	<u>5,303,844</u>
		<u>12,948,294</u>	<u>12,152,830</u>

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.

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

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	2026	2025
Trade receivables	<u>1,801,025</u>	<u>2,252,079</u>
US\$ denominated liabilities		
Bank overdraft	<u>5,395,073</u>	<u>5,095,564</u>
Borrowings	<u>5,209,853</u>	<u>5,231,766</u>
	<u>10,604,926</u>	<u>10,327,330</u>

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.

Loss	<u>(442,162)</u>	<u>(403,402)</u>
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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% which gives an effective interest rate of 29.1% (2025:30%) 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% (2025: 7.74%)

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 2026 would have decreased/increased by **MK45.10 million** (2025: MK33.24million).

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 2026 would decrease/increase by **MK1,042 million** (2025: MK0.754 million).

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

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.

	<u>2026</u>	<u>2025</u>
Maximum credit risk exposure	<u>1,801,025</u>	<u>2,252,079</u>

The ageing of trade receivables at the reporting date was:

	<u>2026</u>			<u>2025</u>		
	<u>Gross</u>	<u>Impairment</u>	<u>Total</u>	<u>Gross</u>	<u>Impairment</u>	<u>Total</u>
Not past due	<u>1,826,850</u>	<u>25,825</u>	<u>1,801,025</u>	<u>2,259,295</u>	<u>7,216</u>	<u>2,252,079</u>

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 2026

	<u>Note</u>	<u>Up to 1 month</u>	<u>1 to 3 months</u>	<u>3 to 12 months</u>	<u>More than 12 months</u>	<u>Total</u>	<u>Fair value</u>
Financial assets							
Trade and other receivables	14	1,801,025	-	331,528	25,825	2,158,378	2,158,378
Cash and cash equivalents	15	<u>8,971</u>	-	-	-	<u>8,971</u>	<u>8,971</u>
		<u>1,809,996</u>	-	<u>331,528</u>	<u>25,825</u>	<u>2,167,349</u>	<u>2,167,349</u>
Financial liabilities							
Trade payables	18	274,042	200,180	210,785	-	685,007	685,007
Borrowings	16	-	-	1,424,094	4,052,706	5,476,800	5,476,800
Bank overdraft	15	-	-	<u>5,831,766</u>	-	<u>5,831,766</u>	<u>5,831,766</u>
Total financial liabilities		<u>274,042</u>	<u>200,180</u>	<u>7,466,645</u>	<u>4,052,706</u>	<u>11,993,573</u>	<u>11,993,573</u>
Periodic gap		<u>1,535,954</u>	<u>(200,180)</u>	<u>(7,135,117)</u>	<u>(4,026,882)</u>	<u>(9,826,224)</u>	<u>(9,826,224)</u>
Cumulative gap		<u>1,535,954</u>	<u>1,335,774</u>	<u>(5,799,343)</u>	<u>(9,826,224)</u>	<u>(9,826,224)</u>	<u>(9,826,224)</u>

31 March 2025

	<u>Note</u>	<u>Up to 1 month</u>	<u>1 to 3 months</u>	<u>3 to 12 months</u>	<u>More than 12 months</u>	<u>Total</u>	<u>Fair value</u>
Financial assets							
Trade and other receivables	14	2,226,254	-	260,717	-	2,486,971	2,486,971
Cash and cash equivalents	15	<u>6,830</u>	-	-	-	<u>6,830</u>	<u>6,830</u>
		<u>2,233,084</u>	-	<u>260,717</u>	-	<u>2,493,801</u>	<u>2,493,801</u>
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	-	-	<u>5,303,844</u>	-	<u>5,303,844</u>	<u>5,303,844</u>
Total financial liabilities		<u>122,224</u>	<u>564,490</u>	<u>7,933,932</u>	<u>2,830,082</u>	<u>11,450,728</u>	<u>11,450,728</u>
Periodic gap		<u>2,110,860</u>	<u>(564,490)</u>	<u>(7,673,215)</u>	<u>(2,830,082)</u>	<u>(8,956,927)</u>	<u>(8,956,927)</u>
Cumulative gap		<u>2,110,860</u>	<u>1,546,370</u>	<u>(6,126,845)</u>	<u>(8,956,927)</u>	<u>(8,956,927)</u>	<u>(8,956,927)</u>

NAMING'OMBA TEA ESTATES LIMITED

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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 2026

	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	2,158,378	-	2,158,378	2,158,378
Cash and cash equivalents	15	<u>8,971</u>	-	<u>8,971</u>	<u>8,971</u>
		2,167,349	-	2,167,349	2,167,349
Financial liabilities not measured at fair value					
Borrowings	16	5,476,800	-	5,476,800	5,476,800
Trade and other payables	18	1,639,728	-	1,639,728	1,639,728
Bank overdrafts	15	<u>5,831,766</u>	-	<u>5,831,766</u>	<u>5,831,766</u>
		12,948,294	-	12,948,294	12,948,294

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5. Financial Risk Management (continued)

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

31 March 2024

Financial assets not measured at fair value

Trade and other receivables
Cash and cash equivalents

	<u>Carrying amount</u>	<u>Fair value through profit & loss</u>	<u>Assets/liabilities at amortised cost</u>	<u>Total</u>
13	2,486,971	-	2,486,971	2,486,971
14	<u>6,830</u>	<u>-</u>	<u>6,830</u>	<u>6,830</u>
	<u>2,493,801</u>	<u>-</u>	<u>2,493,801</u>	<u>2,493,801</u>

Financial liabilities not measured at fair value

Borrowings
Trade and other payables
Bank overdrafts

16	5,231,766	-	5,231,766	5,231,766
18	1,617,220	-	1,617,220	1,617,220
15	<u>5,303,844</u>	<u>-</u>	<u>5,303,844</u>	<u>5,303,844</u>
	<u>12,152,830</u>	<u>-</u>	<u>12,152,830</u>	<u>12,152,830</u>

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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	<u>2026</u>	<u>2025</u>
6. Revenue		
See accounting policy note 3.2.1		
Tea	3,872,699	3,060,890
Macadamia	<u>2,877,531</u>	<u>3,175,037</u>
	<u>6,750,230</u>	<u>6,235,927</u>
7. Other income		
See accounting policy note 3.2.2		
Other income	<u>547,729</u>	<u>845,643</u>
	<u>547,729</u>	<u>845,643</u>
8. Cost of sales, selling and administration expenses		
8(a). Cost of sales		
Tea	3,361,153	2,327,823
Macadamia	<u>1,397,121</u>	<u>1,471,455</u>
	<u>4,758,274</u>	<u>3,799,278</u>
8(b). Selling expenses		
Tea	277,509	185,988
Macadamia	<u>139,505</u>	<u>213,060</u>
	<u>417,014</u>	<u>399,048</u>
8(c). Administration expenses		
Auditor's remuneration – current	60,093	50,077
– prior year under provision	1,409	1,482
Bank charges	60,611	58,747
Depreciation (Note 10)	1,740,363	2,121,350
Directors Fee	1,615	2,423
Insurance expenses	67,956	65,958
Legal fees and other professional services fees	106,736	102,726
Other costs	461,892	247,060
Repairs and maintenance expenses	12,520	17,548
Salaries and wages	337,467	281,767
Travelling expenses	83,218	67,400
Provision for impairment of trade and other receivables	<u>28,217</u>	<u>103,143</u>
Total administration expenses	<u>2,962,097</u>	<u>3,119,681</u>
9. Finance cost		
See accounting policy note 3.2.3		
Exchange gain		
Realised exchange gain	<u>54,226</u>	<u>85,797</u>
Total exchange gain	<u>54,226</u>	<u>85,797</u>
There is a gain of K54.23 million (2025:gain of K85.80million) as a result of exchange rate movement on translation of foreign currency bank balances and borrowing.		
Finance cost		
Interest expense paid	(849,775)	(753,572)
Accrued interest expense	<u>(49,029)</u>	<u>(76,772)</u>
Total Finance costs	<u>(898,804)</u>	<u>(830,344)</u>

NAMING'OMBA TEA ESTATES LIMITED

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10. Taxation		<u>2026</u>	<u>2025</u>
	See accounting policy note 3.12		
	The taxation charge for the year comprises:		
	Current tax expense	33,751	-
	Deferred tax expense/(credit)	(144,604)	483,995
	Previous year's income tax overprovision	-	-
	Total income tax charge/(credit)	<u>(110,853)</u>	<u>483,995</u>
	Income Tax reconciliation		
	Loss before taxation	<u>(650,429)</u>	<u>(170,915)</u>
	Income tax @ 30% (2025: 30%)	(195,129)	(51,275)
	Non-deductible expenses	<u>84,276</u>	535,271
		<u>(110,853)</u>	<u>483,996</u>
	Current tax (assets)/liabilities		
	At 1 April	(4,945)	(4,945)
	Income tax charge for the year	33,751	
	Income tax paid	-	-
	At 31 March	<u>28,807</u>	<u>(4,945)</u>

Deferred tax

	<u>2026</u>	<u>Net</u>	<u>Assets</u>	<u>2025</u>	<u>Net</u>
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>
Property, Plant and Equipment		14,308,819	14,308,819	-	14,985,670
Unrealised exchange losses		-	-	-	-
Excess capital allowance		290,539	290,539	275,648	-
Provisions	8,465	-	(8,465)	80,153	-
Fair value on biological assets		310,072	310,072		243,020
Tax losses	<u>1,259,360</u>	-	<u>(1,259,360)</u>	<u>1,086,680</u>	-
	<u>1,267,825</u>	<u>14,909,430</u>	<u>13,641,605</u>	<u>1,442,481</u>	<u>15,228,690</u>

	Balance at 1 April <u>2025</u>	Recognised in profit or <u>loss</u>	Recognised in comprehensive <u>income</u>	Balance at 31 March <u>2026</u>
Property, plant and equipment	14,985,670	(676,851)	-	14,308,819
Unrealised exchange losses	-	-	-	-
Excess capital allowance	(275,648)	566,187	-	290,539
Provisions	(80,153)	71,688	-	(8,465)
Fair value on biological assets	243,020	67,052	-	310,072
Tax losses	<u>(1,086,680)</u>	<u>(172,680)</u>	-	<u>(1,259,360)</u>
	<u>13,786,209</u>	<u>(144,604)</u>	-	<u>13,641,605</u>

	Balance at 1 April <u>2024</u>	Recognised in profit or <u>loss</u>	Recognised in comprehensive <u>income</u>	Balance at 31 March <u>2025</u>
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)
Development expenses	(32,200)	(47,953)	-	(80,153)
Provisions	282,002	(38,982)	-	243,020
Fair value on biological assets	<u>(1,103,554)</u>	<u>16,874</u>	-	<u>(1,086,680)</u>
Tax losses	<u>13,302,213</u>	<u>483,996</u>	-	<u>13,786,209</u>

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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
	<u>Cost/valuation</u>								
2026									
At 1 April 2025	12,732,669	8,048,568	17,142	2,913,999	483,696	34,049	54,784	822	24,268,587
Additions during the year	-			2,705	11,611	-	-	-	31,458
Disposals during the year	-			-	-	-	-	(822)	(822)
At 31 March 2026	12,732,669	8,065,710		2,916,704	495,307	34,049	54,784		24,299,223
	<u>Depreciation</u>								
2026									
At 1 April 2025	-	382,128	383,130	437,573	362,815	31,137	45,491	-	1,259,144
Charge for the year	-			370,616	41,291	1,167	3,016	-	799,220
At 31 March 2026	-	765,258		808,189	404,106	32,304	48,507	-	2,058,364
	<u>Cost/valuation</u>								
2025									
At 1 April 2024	12,732,669	8,042,081	6,487	2,913,999	473,396	34,049	54,092	-	24,250,286
Additions during the year	-			-	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
	<u>Depreciation</u>								
2025									
At 1 April 2024	-	-	-	-	318,464	30,256	41,294	-	390,014
Charge for the year	-	382,128	437,573	437,573	44,351	881	4,197	-	869,130
At 31 March 2025	-	382,128	437,573	437,573	362,815	31,137	45,491	-	1,259,144
Carrying amount									
At 31 March 2026	12,732,669	7,300,452		2,108,515	91,201	1,745	6,277		22,240,859
At 31 March 2025	12,732,669	7,666,440		2,476,426	120,881	2,912	9,293	822	23,009,443

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

<u>Cost/valuation</u>	<u>Capital WIP Bearer Plants</u>	<u>Bearer Plants</u>	<u>Total</u>
2026			
At 1 April 2025	798,594	26,475,391	27,273,985
Additions during the year	281,334	-	281,334
Transfer from WIP	<u>(19,080)</u>	<u>19,080</u>	<u>-</u>
At 31 March 2026	<u>1,060,848</u>	<u>26,494,471</u>	<u>27,555,319</u>
Depreciation			
2026			
At 1 April 2025	-	3,753,471	3,753,471
Charge for the year	<u>-</u>	<u>941,143</u>	<u>941,143</u>
At 31 March 2026	<u>-</u>	<u>4,694,614</u>	<u>4,694,614</u>
<u>Cost/valuation</u>			
2025			
At 1 April 2024	740,111	26,403,664	27,143,775
Additions during the year	130,210	-	130,210
Transfer from WIP	<u>(71,727)</u>	<u>71,727</u>	<u>-</u>
At 31 March 2025	<u>798,594</u>	<u>26,475,391</u>	<u>27,273,985</u>
<u>Depreciation</u>			
2025			
At 1 April 2024	-	2,501,251	2,501,251
Charge for the year	<u>-</u>	<u>1,252,220</u>	<u>1,252,220</u>
At 31 March 2025	<u>-</u>	<u>3,753,471</u>	<u>3,753,471</u>
Carrying amount			
At 31 March 2026	<u>1,060,848</u>	<u>21,799,857</u>	<u>22,860,705</u>
At 31 March 2025	<u>798,594</u>	<u>22,721,920</u>	<u>23,520,514</u>

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	<u>2026</u>	<u>2025</u>
12. Biological assets		
<i>See accounting policy note 3.5</i>		
At the beginning of period	3,975,886	2,968,114
Additions during the year	240,540	223,767
Reclassification to inventory	(219,204)	(26,064)
Fair value gains/(loss)	<u>1,033,575</u>	<u>810,069</u>
Balance at 31 March	<u>5,030,797</u>	<u>3,975,886</u>
Fair value movement in the year		
<i>Analysed as:</i>		
Tea	(69,374)	26,379
Macadamia	5,568	143,242
Timber plantation	<u>1,097,381</u>	<u>640,448</u>
	<u>1,033,575</u>	<u>810,069</u>

Information required in connection with Biological Assets

2026

Other information	<u>Tea</u>	<u>Macadamia</u>	<u>Total</u>
Hectarage covered at year end	1,281	542.48	1,823.38
Total tonnage harvested during the year	7,081	2,147	9,228
The proceeds net of point of sales costs (MK)	3,595,190	2,955,657	6,550,847

Information required in connection with Biological Assets

2025

Other information	<u>Tea</u>	<u>Macadamia</u>	<u>Total</u>
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	2,874,903	2,961,976	5,836,879

NAMING'OMBA TEA ESTATES LIMITED

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		<u>2026</u>	<u>2025</u>
13. Inventories			
	<i>See accounting policy note 3.6</i>		
Finished goods:			
- Macadamia		1,261,334	687,759
- Made tea		938,915	1,210,360
Consumables		840,076	298,639
Nursery		<u>23,646</u>	<u>22,241</u>
		<u>3,063,971</u>	<u>2,218,999</u>
14. Trade and other receivables			
	<i>See accounting policy note 3.7</i>		
Trade receivables		1,826,850	2,259,295
Provision for impairment of trade receivables		<u>(25,825)</u>	<u>(7,216)</u>
		<u>1,801,025</u>	<u>2,252,079</u>
Other receivables		449,485	330,819
Provision for impairment of other receivables		<u>(92,132)</u>	<u>(95,927)</u>
		<u>357,353</u>	<u>234,892</u>
Total		<u>2,158,378</u>	<u>2,486,971</u>
The carrying amounts of trade and other receivables approximates their fair value due to their short-term nature.			
There is impairment of MK 28,217 million in the trade and other receivables at 31 March 2026 (2025: MK 103.143).			
The Company did not hold any collateral on the receivables.			
15. Cash and cash equivalents			
	<i>See accounting policy note 3.11</i>		
Cash at bank		8,971	6,830
Overdrafts presented in current liabilities		<u>(5,831,766)</u>	<u>(5,303,844)</u>
Cash and cash equivalents as disclosed in statement of cashflows		<u>(5,822,795)</u>	<u>(5,297,014)</u>

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 9% (2025: 7.5%) while the Malawi Kwacha overdraft facility accrues interest at 5.1% above the reference rate currently at 24% making an effective interest rate of 29.1% p.a. (2025: 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.

NAMING'OMBA TEA ESTATES LIMITED

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16. Long term Borrowings	<u>2026</u>	<u>2025</u>
a. <u>Standard Bank</u>		
Opening balance	-	125,523
Receipts during the year	346,766	-
Payment during the year	(79,819)	(125,523)
Exchange (gain)/loss	-	-
Closing balance	<u>266,947</u>	<u>-</u>
b. <u>National Bank of Malawi</u>		
Opening balance	5,231,766	5,761,928
Receipts during the year	2,420,431	1,473,758
Payments	(2,442,344)	(12,003,920)
Exchange (gain)/loss	-	-
Closing balance	<u>5,209,853</u>	<u>5,231,766</u>
Total borrowings	<u>5,476,800</u>	<u>5,231,766</u>
Split as follows:		
Non-current	4,052,706	2,830,082
Current	<u>1,424,094</u>	<u>2,401,684</u>
	<u>5,476,800</u>	<u>5,231,766</u>

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.

The National Bank of Malawi granted long-term loan of USD 4,623,850 which was being repaid semi-annually over a period of 5 years was fully repaid during the financial year. On the other hand, during the financial year, the bank made a partial loan disbursement of USD 746,000 towards a new term loan facility of USD 1,100,000 which was signed on 27th February 2026 with a six months' moratorium period and is also repayable semi-annually over a period of 5 years starting from 30th September 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 9% per annum.

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17. Equity			
17.1 Share capital		2026	2025
See accounting policy note 3.17			
Authorised:			
1,650,000 ordinary shares of K1 each		<u>1,650</u>	1,650
Issued and fully paid:			
At the beginning of period		1,478	1,409
Issue of new shares during the year		<u>-</u>	<u>69</u>
At 31 March		<u>1,478</u>	<u>1,478</u>
There are 1,477,931 (2025: 1,477,931) issued and fully paid shares and a total number of shares of 172,069 (2025: 172,069) remain unissued.			
The holders of ordinary share capital are entitled to dividend as declared in the annual general meeting.			
17.2 Share premium			
At the beginning of period		3,281,499	1,894,501
Arising from issue of new shares during the year		<u>-</u>	<u>1,386,998</u>
At 31 March		<u>3,281,499</u>	<u>3,281,499</u>
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.			
At the beginning of period		17,022,462	17,841,972
Transfer of depreciation charge on revalued assets		<u>(752,116)</u>	<u>(819,510)</u>
At 31 March		<u>16,270,346</u>	<u>17,022,462</u>
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.			
At the beginning of period		14,698,270	15,950,490
Revaluation surplus for the year		-	-
Deferred tax on revaluation		-	-
Transfer of excess depreciation to distributable reserves		<u>(941,143)</u>	<u>(1,252,220)</u>
At 31 March		<u>13,757,127</u>	<u>14,698,270</u>

Change in accounting estimate – useful life of macadamia nut plantations

During the current financial year, the Company reassessed the estimated economic useful life of its macadamia nut plantations from 50 years to 60 years. The reassessment was based on operational evidence that certain macadamia trees that had reached the previously estimated useful life of 50 years continued to be productive and to generate economic benefits for the Company.

The change has been accounted for prospectively as a change in accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The effect of the change was a reduction in the current year depreciation charge by K311.6 million. The change is expected to reduce depreciation charges in future periods over the revised remaining useful lives of the plantations.

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For the year ended 31 March 2026

In thousands of Malawi Kwacha

17. Equity (continued)	<u>2026</u>	<u>2025</u>
17.5 Capital reserve	<u>301,564</u>	<u>301,564</u>
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.		
At the beginning of period	2,189,693	1,622,645
Revaluation surplus for the year	1,033,575	810,069
Deferred tax on revaluation	<u>(310,072)</u>	<u>(243,021)</u>
At 31 March	<u>2,913,196</u>	<u>2,189,693</u>
18. Trade and other payables		
<i>See accounting policy note 3.16</i>		
Trade payables	685,007	915,118
Other payables	<u>954,722</u>	<u>702,102</u>
	<u>1,639,729</u>	<u>1,617,220</u>
18.1 Other payables		
<i>See accounting policy note 3.13 and 3.14</i>		
Employee accruals	365,330	322,992
Other accruals	<u>589,392</u>	<u>379,110</u>
	<u>954,722</u>	<u>702,102</u>
18.2 Employee accruals		
<i>See accounting policy note 3.13</i>		
Wages accruals	222,136	184,635
Gratuity	70,465	67,816
Leave pay	<u>72,729</u>	<u>70,541</u>
	<u>365,330</u>	<u>322,992</u>
18.3 Other accruals		
<i>See accounting policy note 3.14</i>		
At the beginning of period	379,110	319,556
Net movements during the period	<u>210,281</u>	<u>59,554</u>
	<u>589,391</u>	<u>379,110</u>

NAMING'OMBA TEA ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

In thousands of Malawi Kwacha

19. Going concern basis of accounting

The Company has reported a loss of **MK539.6 million** (2025: Loss MK654.9 million). The Company's current assets of **MK10.3 billion** exceed the current liabilities by **MK1.3 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. 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 plantation, through increasing hectareage in order to increase future production volumes and revenue generation capacity.

20. Contingencies

There were contingencies as at 31 March 2026 amounting to **MK50.4 million** (2025: 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	<u>2026</u>	<u>2025</u>
Kwacha/GBP	2,368.0	2,396.9
Kwacha/Rand	105.8	95.8
Kwacha/US Dollar	1,733.8	1,733.8
Inflation rate %	23.8%	30.5%

At the time of approval of these financial statements, the exchange rates had moved to:

Kwacha/GBP	2,452.0
Kwacha/Rand	108.8
Kwacha/US Dollar	1,751.0
Inflation rate %	24.5%

22. Capital commitments

There were no capital commitments as at 31 March 2026 (2025: MKnil).

23. Events after the reporting date

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