

KAPCHORUA TEA KENYA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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NOTICE IS HEREBY GIVEN that the 83rd Annual General Meeting of the Shareholders will be held by electronic communication on Thursday 28th August 2025 at 10.15 a.m. for the following purpose:

Ordinary Business:


- 1) To receive and adopt the report of the Directors together with the audited financial statements for the year ended 31 March 2025.
- 2) To re-elect Directors:
 - i) In accordance with Article 95 of the Company's Articles of Association, Mr. Mathew Koech retires by rotation and offers himself for re-election.
 - ii) In accordance with Article 95 of the Company's Articles of Association, Mr. James Patrick Brooks Magor retires by rotation and offers himself for re-election.
- 3) In accordance with the provisions of Section 769 of the Companies Act 2015, the following Directors being members of the Board Audit Committee, be appointed individually to continue to serve as members of the said committee:
 - i) Mr. Mathew Koech
 - ii) Mr. James Patrick Brooks
 - iii) Mr. Edward Charles Magor
- 4) To approve the Directors' remuneration
- 5) To note that PricewaterhouseCoopers LLP continue in office and authorize Directors to agree to their remuneration.
- 6) To transact any other business for which due notice has been received.
- 7) Special business

To consider and, if thought fit, to pass the following resolution as ordinary resolution:

- i) That in pursuance to Article 135 of the Company's Articles of Association and subject to the Shareholders and Capital Markets Authority's approval, it is desirable to capitalise the sum of shillings thirty nine million one hundred twenty thousand (shs.39,120,000) being part of the amount outstanding to the credit of the revenue reserve of the company and the sum be applied in making payment in full at par for seven million eight hundred twenty four thousand (7,824,000) new shares of shillings five (Shs.5) each in the capital of the company, such shares to be distributed as fully paid among the persons who were registered as shareholders of the company at the close of business on a day to be fixed by the company at the rate of one fully paid up share for every one ordinary share of the company held by such holders, such fully paid up shares to rank Pari passu with existing issued shares.

BY ORDER OF THE BOARD

Gilbert K Masaki



SECRETARY

26th June 2025

DIRECTORS	E N K Wanjama A L Carmichael S N Thumbi J P Brooks M Koech P Magor E C Magor	- Chairman - Managing Director - Farm Director
GOVERNANCE & AUDIT COMMITTEE	M Koech J P Brooks E C Magor	- Chairman
BOARD NOMINATING COMMITTEE	E N K Wanjama A L Carmichael P Magor	- Chairman - Managing Director - Non-executive Director
STAFF & REMUNERATION COMMITTEE	E N K Wanjama A L Carmichael P Magor	- Chairman - Managing Director - Non-executive Director
COMPANY SECRETARY/REGISTRAR	Gilbert K Masaki Certified Public Secretary (Kenya) P. O. Box 42281 - 00100 Nairobi	
REGISTERED OFFICE	Karen Office Park The Acacia Block, 2nd Floor Langata Road P.O. Box 42281 - 00100 Nairobi	
PRINCIPAL PLACE OF BUSINESS	Kapchorua Kapchorua Road P. O. Box 12 - 30301 Nandi	
AUDITORS	PricewaterhouseCoopers LLP PwC Tower, Waiyaki Way/Chiromo Road, Westlands P.O Box 43963 - 00100 Nairobi, Kenya	
PRINCIPAL BANKERS	ABSA Bank Kenya Plc Absa Plaza Business Centre P. O. Box 46661 - 00100 Nairobi ABSA Bank Kenya Plc Eldoret Branch P. O. Box 22 - 030030 Eldoret	
LAWYERS	Kaplan & Stratton Williamson House, 9 th Floor 4 th Ngong Avenue P. O. Box 40111 - 00100 Nairobi Walker Kontos Hakika House Bishops Road P. O. Box 60680 - 00200 Nairobi	

Kapchorua Tea Kenya Plc
Financial Highlights
For the year ended 31 March 2025

		2025	2024	2023	2022	2021
Tea production						
Area under tea	Hectares	646	646	646	638	638
Made tea - own	'000 kgs	2,216	2,203	1,734	1,694	1,932
- bought leaf	'000 kgs	6,084	6,488	4,277	4,128	4,814
Total	'000 kgs	8,300	8,691	6,011	5,822	6,746
Tea sold	'000 kgs	9,413	7,316	6,470	5,888	7,078
Average sales price per kg (gross)	Shs	228.02	299.88	274.17	240.39	206.24
Revenue - tea sales (Shs'000)		2,218,731	2,193,918	1,773,794	1,415,471	1,445,640
Profit (Shs'000)						
Profit before taxation		261,543	573,298	454,721	303,013	34,114
Income tax charge		(80,366)	(173,939)	(140,211)	(88,997)	(27,049)
Profit for the year		181,177	399,359	314,510	214,016	7,065
Capital employed (Shs'000)						
Assets (Shs'000)						
Property, plant and equipment		1,181,129	1,192,591	1,118,555	948,574	991,564
Right of use assets-Leasehold						
Land		18,696	18,918	19,140	19,362	19,794
Intangible assets		242	229	449	292	42
Biological assets		456,032	376,815	311,609	258,274	197,962
Unquoted Investments		12,901	13,367	14,237	14,203	717
Current assets		1,155,228	1,305,580	1,011,399	908,375	871,626
Total assets		2,824,228	2,907,500	2,475,389	2,149,080	2,081,705
Liabilities (Shs'000)						
Provision for employee benefits		111,842	79,068	85,563	95,646	140,767
Deferred income tax		400,960	378,094	365,220	278,885	268,738
Current liabilities		212,233	398,380	159,094	150,825	185,939
Total liabilities		725,035	855,542	609,877	525,356	595,444
Net assets		2,099,193	2,051,958	1,865,512	1,623,724	1,426,891
Financed by (Shs'000)						
Share capital		39,120	39,120	39,120	39,120	39,120
Revaluation Surplus		422,681	426,736	385,931	403,038	374,936
Retained Earnings		1,637,392	1,586,102	1,440,461	1,181,566	1,072,205
Shareholders' funds		2,099,193	2,051,958	1,865,512	1,623,724	1,486,261

Kapchorua Tea Kenya Plc
Financial Highlights
For the year ended 31 March 2025

EARNINGS/(LOSS)		2025	2024	2023	2022	2021
PER SHARE	Shs	23.16	51.04	40.20	27.35	0.90
PROPOSED DIVIDENDS PER SHARE (par value)	%	500	500	500	200	200
PROPOSED DIVIDENDS PER SHARE	Shs	25	25	25	10	10
PROPOSED DIVIDEND COVER	Times	0.93	2.04	1.61	2.74	0.09
Closing exchange rates	US \$	129.32	131.80	132.33	114.95	109.51
	UK £	167.35	166.55	163.67	151.13	150.69

RESULTS

The Company reported a profit for the year from operations of Shs 181 million compared to a profit of Shs 399 million reported in financial year 2023/2024.

Farm Production

The crop figures for the year are provided on page 4.

A slight overall decline against the record crops of 2024; however, own crop was a little higher. A drier spell from January 2025 and stricter quality controls on bought leaf accounted for the slight decline. Our smallholders are many and they contribute enormously to the business enabling the Company to plan for future investment when circumstances allow.

A word on the resilience of *Camellia Sinensis*, the humble and humbling tea bush. It is a congregator, a social plant that if treated correctly, will reciprocate in kind. Not an oak tree standing mightily alone and independent. Look after the bushes and they will yield, maintain them and they will survive, nurture them and you will survive too. For good reason, many cultures have tea ceremonies respecting the origin plants and giving thanks for its produce.

Our production is dominated by factors beyond our control; we are a rain fed agricultural business. The essential operational farm function is to be prepared for good weather, allowing the tea bushes to benefit. Is there any farm work that is more vital than planting tea? Probably not, the newly planted bush will remain for at least 50 years. Get it wrong at inception and it will never be as healthy and productive as it might have been. Our farm is both a living testament to the benefits of the resilience of the tea bush and a mirror to the good practice driving that success.

Cost of Production

The complex dynamics and therefore difficulties of selling into global markets usually elicits the maxim – the only thing we can control are our costs. Partly true but to counter that statement, we must also reflect on the cost factors outside of our control, there are many. Inflation, tax, third party audits, increasing buyer and compliance demands, inefficiencies from our main power provider KPLC, enormous increases in land rates, global unrest including terrorist activities in critical shipping routes, US tariffs which will affect the logistical flow of global goods, continuing war in Ukraine, instability on Kenya's borders likely to increase with the freezing of USAID and frequent increases to our security costs in combating green leaf theft and arson threats.

We recognise that instability and uncertainty, risk, is a fact of life, but managing and combating risk comes with a cost.

What we can control is how we operate and how we can reduce our operating costs. In the real world of economics and commerce, this means we must invest capital to improve productivity and seek cost effective ways of doing what we do now more efficiently. This is not unique to agricultural businesses but the multiple tentacles of managing a tea farm are far reaching.

These include but are not limited to; self-sufficiency in renewable power, sustainably planting tea and harvesting firewood, moving towards net zero and carbon neutrality, machines to harvest tea bushes, improved productivity and higher incomes for skilled workers, investment in factories to streamline operations, using the SGR to transport our tea to the port in Mombasa. There's much more and I would urge you all to visit the Company website and gain a feel for the work being done and effort put in.

All of these factors are vital and important but requires an understanding that fundamentally the only relevant equation for the business is the relationship between how much it costs to produce our tea against how much we can sell it at. I will expand on this in the next section, but this year's results compared to 2024 highlight this critical dynamic.

Markets

If we were to list in order of importance the factors that drive the business the top three would be crop, quality and markets/demand. If we don't have crop, a lot of tea, our fixed costs rise exponentially as the method for controlling production costs is diminished or removed. Without producing "quality" tea, the tea may sell but

Markets (continued)

inevitably at a price below the cost of production. Insufficient market demand, even with a recognised quality of tea, leaves us stranded with the crucial supply and demand equation working against the supplier and for the buyer.

In last year's statement I wrote that although our results were satisfactory, the Kenya tea market had like an iceberg, multiple hidden dangers primarily related to a disconnect between the supply and demand equation. Unfortunately, my fears were realized and the supply side, exacerbated by unsold teas ex West of Rift KTDA has played into the hands of buyers. There is currently too much Kenya tea with insufficient buyers. If this very unvirtuous circle is to be broken then demand must increase. To facilitate access to key markets, Kenya decision makers must negotiate with traditional tea consuming countries specifically India and China whilst simultaneously opening up new opportunities across Africa. There is positive news in the media relating to discussions with China which is welcomed.

The work must start immediately as progress will inevitably be slow. As I write tariffs from America dominate the media headlines highlighting the difficulties for free trade. India and China are historic tea markets with ready buyers and consumers but remain protectionist. To successfully trade with them their import tariffs must be lowered.

In spite of generationally low tea prices, I am pleased to advise that through producing teas of consistently good quality Kapchorua has established a reputation that has developed brand recognition and with-it competition. Aside from very few competitors' marks Kapchorua's sale price is within the top five every week. A significant achievement and one that management, staff and the workforce should be proud.

We have many existing and loyal customers, but our focus is to convince new buyers that we have better quality and value and more efficient than competitors, so creating more demand and higher prices for our tea and better shareholder return. We are witnessing some progress and our prices have improved since January against our direct competitors. We are particularly encouraged by selling more tea into Egypt where consumers are demanding on liquor quality. This may sound obvious that a beverage sold to be drunk should focus on liquor quality, but many markets value tea more on leaf appearance rather than taste.

One of many difficulties and conundrums during times of over supply is for producers NOT to increase productivity and save money by plucking much longer green leaf thus producing an inferior product with very low demand and prices. The government is right to have highlighted this danger, in fact in times of glut, the opposite is true, better tea must be made. Buyers and packers also have a responsibility (a minimum price is not possible) but in strained economic and fiscal times, buyers frequently downgrade quality even if the buying price is already very low. Everyone wants to make more money. However, the opposite occurs. Buyers buying cheaper, inferior quality tea creates the unintended consequence that consumers drink less tea. The poorer the quality available in the shops the less tea will be bought. This is particularly true in the West where, under pressure on price from supermarkets or chasing profit the blend quality and volume sold drops. Our slogans "Good tea is better value" and "It pays to buy good tea" are as true today as they ever were.

It is also important to reinforce that tea is unlike other soft commodities. Tea grows (on the equator) all the year round and must therefore be harvested daily. The daily green leaf becomes a finished product about 24 hours later. This continuous process costs money and therefore cash is required as working capital to ensure factories can stay open. To obtain cash tea must be sold into markets on a very regular basis, one cannot store and finance tea hoping for better returns in the future. Coffee and other soft commodities are harvested approximately once a year, have workable futures markets to hedge and mitigate against finance costs until a physical sale.

The relentless physical and logistical cycle of manufacturing tea explains its low price point but also its predominance as a global beverage. As the supply side grows, new markets must be found if the status quo between cost and price is to be managed.

Kenya's tea industry is heavily taxed and heavily regulated both nationally and from outside auditors. Many of these demands are necessary to exist in a truly global trading environment.

Kenya is a trusted supplier and much admired on account of this governance and overall product quality and availability whilst providing around 25% of the Nation's foreign exchange earnings. Kenya's environment is ideal for growing tea, but complacency has no place in a fast-moving world. The competition from tea growers around the world is real. To find new markets is therefore essential. The government is correct in exploring

Markets (continued)

value addition possibilities. For us the producer this includes marketing a "Kenya Orthodox" tea, vacuum packing some blends in Nairobi, seeking partnerships with blenders in Mombasa for all our farms, and expanding factory door sales. This will require encouragement and communication with decision makers to enhance the brand value of Kenya tea. The last two years with large volumes of unsold tea and independent factories going out of business is an early warning signal, the canary in the coal mine, that should not be ignored. Something of a crossroads has been reached and a fresh perspective and plan is required if prosperity is to return.

General Outlook

Our focus is on farm efficiencies and our product. We believe that if our product improves, we will compete better in the markets. That is our focus. We hope that decision makers continue to assist through their diplomatic channels to reduce protectionist tariffs that would enable higher volumes of Kenya tea to be sold into the high demand markets of India and China.

History tells us that tea production quotas will never work. Market forces can affect crop volumes and reduce supply by farmers diversifying into other crops when tea prices become uneconomic. Beyond that, building success is expanding horizons, finding more buyers, generating demand, making good tea, and providing the customer with what they want.

Dividends

In view of the results, the Directors are recommending a final dividend payment of Shs 25 per share (2024: Shs 25 per share) from the reserves.

Corporate Social Responsibility

The group continues its long-standing ethos of embracing socially enhancing ethics, food safety standards and sustainable agricultural practices. The group is still certified by ISO 22000:2005, FSSC 22000, Rainforest Alliance. A range of projects and initiatives are undertaken by the Williamson Tea Foundation as part of an instinctive commitment to caring for the farms and communities, a passion that has continued for over 150 years and goes far beyond the simple standards set by certification bodies.

The Foundation's focus has traditionally been on education and health care and over the years we have provided schools, clinics and other amenities to the many thousands of families that call our farms home.

Over the last decade the Foundation has expanded its support to include projects that benefit the wider community outside of our farms. Markets, bridges, classrooms and water projects have all been successfully completed, however it is the development of a sustainable rural economy through our Smallholder Development Programme that has been most successful in transforming lives. Market-led trade will always be the most powerful factor in encouraging long term sustainable development and something we are proud to have been instrumental in creating around our farms.

In keeping with our commitment to environmentally sustainable farming the group continues to pioneer renewable energy technology in the tea industry and is actively investigating opportunities for Kapchorua and Tinderet.

It is also particularly pleasing that many of the agricultural practices carried out by the group are now recognised as being essential in the fight against global climate change. Soil conservation, tree planting, natural forest protection and the long-life span of a properly cared for tea bush all provide important carbon sequestration and climate change mitigation opportunities. Opportunities that we hope will stand the group in good position for the future.

The various farm activities covered in the year are detailed in our website <http://williamson-tea.blogspot.co.uk/>.

Health and Education

The Company continues to provide extensive medical services to its employees with Health Clinics and actively participates in the various Doctors' schemes, including visiting Doctor Services and HIV/AIDS prevention programs. Contribution has also been given in the form of equipment to hospitals which treat some of our workers and the surrounding communities. Distribution of treated water to communities is high on the agenda.

Through the Kenya Tea Growers Association, the Company continues to support the running and development of various sponsored Primary and Secondary Schools in Nandi County. We continue to operate several creches and a Primary School together with bursary schemes for gifted students proceeding to Secondary education.

Welfare

The number of permanent and seasonal employees exceeded 450 with over 1,000 of their dependents also benefiting from the social and welfare amenities provided.

During the year, the Company spent over Shs 37 million on employees' pension, gratuities, leave and medical expenses over and above employees' direct wages.

Appreciation

I would like to thank all our management staff led by Managing Director Alan Carmichael and Technical Director Samuel Thumbi.

My thanks and congratulations to the team at Kapchorua very ably lead by Ronald Ngala.

Our Chief Financial Officer, Angus Omete and his team have stuck to their tasks. In difficult trading years the cash, capital and strategic investment decisions become even harder work. My thanks also to all the head office staff in Nairobi.

And lastly, to my fellow Directors for their invaluable support and advice.



ENK Wanjama

Chairman

26th June 2025

Corporate Governance is the process and structure used to direct and manage business affairs of the Company towards enhancing prosperity and corporate accounting with the ultimate objective of realizing shareholders long-term value while taking into account the interest of other stakeholders. The principles and standards adhered to by the Board have been developed with close reference to guidelines on corporate governance issued by the Capital Markets Authority, Code of Corporate Governance Practices for Issuers of Securities to The Public 2015 ("the Code") and other global best practices.

Board of Directors

The Board as at 31 March 2025 consisted of seven Directors, five of whom were non-executive Directors including the Chairman. Among the non-executive Directors three are independent Directors. All the non-executive Directors are subject to retirement by rotation and must seek re-election by shareholders at least once every three years in accordance with the Company's Articles of Association.

The composition of the Board is set with the aim of having a Board with an appropriate balance of skills and experience to support the Company's strategy and to lead the Company effectively.

There's a clear division of responsibility between the Chairman and the Managing Director. The Chairman is responsible for the leadership of the Board ensuring its effectiveness; and he sees that they are given appropriate and timely information to enable them to properly discharge their responsibilities. He also ensures effective communication with shareholders and facilitates relations between the different Board members. The Managing Director is responsible for the day-to-day management of the Company and the execution of the strategy agreed by the Board.

The Board is responsible for formulating policies and strategies and ensuring that the business objectives aimed at promoting and protecting shareholder value while taking into account the interest of other stakeholders are achieved.

The Board ensures that procedures and practices are set in place to ensure effective control over strategic, financial, operational and compliance issues. The Board meets to review annual budget and half-year and annual accounts and to monitor operational performance. The Directors are given appropriate and timely information to enable them to maintain full and effective control. Except for Direction and guidance on general policy, the Board has delegated its authority for conduct of the day-to-day business to the Managing Director assisted by a team of able managerial staff.

The full Board meets at least once every quarter for scheduled meetings and on other occasions as required for consideration of exceptional matters. A timetable of calendar dates for Board meetings to be held during the year is circulated in advance to the Board. The notice of board meetings is distributed together with the agenda and Board papers to all Directors beforehand.

The Company secretary is always available to the Board of Directors and is a member of both the Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Certified Public Secretaries of Kenya (ICPSK). The Chief Financial officer is also a member of ICPAK and Institute of Certified public Secretaries of Kenya (ICPSK)

Board remuneration

Non-executive Directors are paid an annual fee together with a sitting allowance for every meeting attended. The aggregate amount of emoluments paid to Directors for services rendered during the financial year are disclosed in note 27 to the financial statements.

Executive Directors' remuneration is paid by Williamson Tea Kenya Plc, a shareholder of the Company which has 39.56% shareholding in Kapchorua Tea Kenya Plc. Williamson Tea Kenya Plc in turn recharges Kapchorua commission calculated as a percentage of revenue to recover these and other costs

Directors' shareholding

None of the Directors as at end of the year 31 March 2025 held shares in their individual capacity that were more than 2% of the Company's total equity. The Directors' direct interest in the shares of the Company as at 31 March 2025 is summarised below:

Name	Number of Shares	
	2025	2024
Ezekiel Ndichu Kimatu Wanjama	200	200
John Patrick Brooks	9,000	9,000

COMMITTEES OF THE BOARD

The Board has three standing committees, which meet under the terms of reference set by the Board.

Governance and audit committee

The governance and audit committee responsibilities are discharged through the Williamson Tea Kenya Plc governance and audit committee. This committee meets regularly ahead of scheduled full Board meeting dates, and as appropriate on other occasions. It reviews corporate governance compliance issues, and its implementation; risk management; internal control; and external auditors' plan and reports.

Board Nominating committee

The Board of the Company has a nominating committee consisting of independent and non-executive Directors. This committee is responsible for proposing new nominees for the Board and for assessing the performance and effectiveness of all the Directors.

Staff and Remuneration committee

There is a staff and remuneration committee that is responsible for the remuneration and incentives for the Board and the senior management and for the structure of remuneration packages and submits its recommendations to the Board.

INTERNAL CONTROLS

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

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

The Company's internal auditor reviews policy, systems and procedures on a regular basis and reports to the governance and audit committee.

Communication with shareholders

The Company is committed to ensuring that there is open and good communication with shareholders through the Annual General Meeting, distribution of the Company's annual report and the release of notices in the press of its half yearly and annual results.

SHAREHOLDING PROFILES

Major shareholders

As at 31 March 2025, the top 10 shareholders were as follows:

	Name	Location	No of shares	%
1	Williamson Tea Kenya Plc	Nairobi	3,095,560	39.56
2	Ngong Tea Holdings Limited	London	1,874,528	23.96
3	Shawmut Limited	Nairobi	978,000	12.50
4	Eric Charles Simons	London	120,000	1.53
5	Benard Cheruiyot Langat	Nairobi	102,700	1.31
6	Minesh M. Shah	Nairobi	93,728	1.20
7	Lalitaben Kanaiyalal Shah	Nairobi	89,268	1.14
8	JTB Family Trust	Koru	79,484	1.02
9	Ronald Carlile Buxton	London	67,500	0.86
10	Bijal Mulchand Shah	Nairobi	63,632	0.81

Analysis of shareholders

By region:

	Number	Shares held	%
Foreign shareholders	31	2,319,096	29.64
Local shareholders (Individuals)	767	1,209,878	15.46
Local shareholders (Institutional)	45	4,295,026	54.90
	843	7,824,000	100.00

By shares distribution:

Less than 501	572	79,442	1.03
501 To 10,000	234	630,587	8.05
10001 To 100,000	32	943,183	12.05
100,001 To 1,000,000	3	1,200,700	15.35
Above 1,000,000	2	4,970,088	63.52
	843	7,824,000	100.00

2024/2025 BOARD & BOARD COMMITTEES MEMBERSHIP AND ATTENDANCE

Director	Classification	Designation		Board	Governance & Audit	Nominating and Staff & Remuneration
Ezekiel N.K Wanjama	Non-executive	Chairman of Board; Nominating and staff & remuneration committee	Membership	Ö		Ö
			Attendance	3/3		1/1
Alan L Carmichael	Executive	Managing Director	Membership	Ö		Ö
			Attendance	3/3		1/1
Mathew Koech	Non-executive	Chairman of Governance & Audit Committee	Membership	√	Ö	
			Attendance	3/3	3/4	
John Patrick Brooks	Non-executive		Membership	Ö	Ö	
			Attendance	3/3	4/4	
P Magor	Non-executive		Membership	Ö		Ö
			Attendance	3/3		1/1
E Magor	Non-executive		Membership	Ö	Ö	
			Attendance	3/3	4/4	
S N Thumbi	Executive	Farm Director	Membership	√		
			Attendance	3/3		

Ö Member of respective committee

- Where a director has missed a Board or Board Committee meeting, an acceptable apology had been received by the Chairman well in advance of the scheduled meeting.
- The Managing Director and Head of Finance are not members of the Governance and Audit Committee but attend by invitation.



E N K Wanjama
Chairman

26th June 2025



Alan L Carmichael
Managing Director

26th June 2025

The Directors present their report together with the audited financial statements of Kapchorua Tea Kenya Plc (the "Company") for the year ended 31 March 2025, which show the state of its financial affairs.

ACTIVITIES

The principal activities of the Company are the cultivation, manufacture and sale of tea.

RESULTS

	2025 Shs'000	2024 Shs'000
Profit before tax	261,543	573,297
Income tax charge	(80,366)	(173,939)
Profit for the year	181,177	399,358

BUSINESS REVIEW

Performance

The crop production decreased by 4.6% from 8.7 million kilos to 8.3 million kilos of made tea. The volumes of tea sold increased from 7.30 million kilos sold last year to 9.40 million kilos sold this year, an equivalent of 28.77%. The turnover increased by 1.13% to Shs 2.22 billion compared to Shs 2.19 billion reported last year. The average tea prices decreased by 23.74% from Shs 299 per kilo of made tea fetched last year to Shs 228 per kilo of made tea realised this year. The Company recorded a total profit for the year of Shs 181 million compared to Shs 399 million reported in the previous year.

Principal risks and uncertainties

The Directors constantly review whether the policies and risk management programmes in place are appropriate and effective to manage and minimise the exposure in the long term.

The risks that the Company is exposed to include:

- Agricultural risk which mainly entails climatic changes ranging from drought, floods and other adverse weather conditions which have a significant impact on the crop production. The Company has put in place sound agricultural practices to mitigate this agricultural risk.
- Financial risks which span across the markets and the financial aspects of the Company. These include the market risks, price risk, credit risk, currency risk, foreign exchange fluctuations exposure, liquidity risk, interest rate risk and other regulatory risks that affect the market and financial sector operations which could have a ripple effect on the Company.
- Operational risks mainly include both internal and external factors that affect the Company processes, personnel, technology and infrastructure. The legal and regulatory requirements plus other generally acceptable standards of corporate behaviour can have a significant impact on the operations of the Company. Demands from the Labour Unions giving rise to increased labour costs, land tenure issues which affect the investment decisions of the Company, different levels of governance structures which affect the state of the infrastructure among others impact the operations of the Company.
- Environmental and social sustainability risks which require development of policies and practices that promote co-existence of the Company with both internal and external stakeholders. The Company continues to be actively and seriously involved in Corporate Social responsibilities with the local communities and preserve the environment as a critical aspect of sustainability and growth.

BUSINESS REVIEW (Continued)

Principal risks and uncertainties (Continued)

The Directors recognise the long-term nature of the business, its risks and uncertainties and retain a clear commitment to progress with emphasis on the human capital which remains the most prized asset of the Company. The Directors and the management team continuously explore new ideas in order to fit in with the changing environment as they focus on enhancing shareholder value.

More details on the business review have been covered under the Chairman's Statement on pages 6 to 9 and of Corporate Governance Statement on pages 10 to 13.

DIVIDENDS

The Directors recommend a final dividend of Shs 25.00 per share (2024 Shs 25), totalling Shs 195,600,000 for the year ended 31 March 2025 (2024 - Shs 195,600,000) be paid to owners of the Company. The final dividend is subject to approval by the shareholders of the Company at the next Annual General Meeting.

TEA PRODUCTION

The following are comparative tea production statistics:

Year ended 31 March	Quantity Kgs '000	Kapchorua estate bought leaf Kgs '000	Total Kgs '000
2025	2,216	6,084	8,300
2024	2,203	6,488	8,691
2023	1,734	4,277	6,011
2022	1,694	4,128	5,822
2021	1,932	4,814	6,746
2020	1,819	4,087	5,906
2019	2,070	3,730	5,800
2018	2,095	3,654	5,749
2017	1,709	3,741	5,450
2016	2,196	3,873	6,069

The projected tea production for the year to 31 March 2026 is 7,430,800 kilograms which includes 5,610,800 kilograms from out growers.

PLANTED AREA

The planted area under tea as at year end was as follows:

	31 March 2025	31 March 2024
Mature	569	568
Immature	77	78
	646	646

DIRECTORS

The Directors who held office at the date of this report are shown on page 3.

DIRECTORS' STATEMENT AS TO INFORMATION GIVEN TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

SECRETARY

Gilbert K Masaki continues as the Company secretary.

MANAGEMENT

Mr Ronald Ngala is the General Manager of the Kapchorua Farm.

AUDITORS

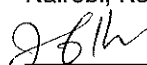
PricewaterhouseCoopers LLP, having expressed their willingness, continue in office in accordance provisions of Section 721 (2) of the Companies Act, 2015. The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

BY ORDER OF THE BOARD



Gilbert K Masaki
Secretary

Nairobi, Kenya

 June 2025

The Directors' remuneration report sets out the remuneration arrangements for the Directors of Kapchorua Tea Kenya Plc for the year ended 31 March 2025.

Remuneration policy for Executive and Non-Executive Directors

The Company seeks to provide remuneration packages that will attract, retain and motivate the right people with the necessary experience and ability to oversee the business. The remuneration package includes salaries, allowances, pension and other non-cash benefits for the executive Directors. The value of benefits provided are reasonable in the market context and take account of the individual circumstances and benefits provided in comparable roles for companies within the industry.

The non-executive Directors are paid annual fees plus allowances for attending meetings. The amount of fees reflects the attached responsibility and time commitment. Additional fees are paid for further responsibilities such as visiting the farms and attending other meetings as may be required for the business.

Travel and other costs incurred in the course of performing their duties are reimbursed in cash.

Changes to director's remuneration

The remuneration package is subject to annual review which considers both internal and external factors, responsibilities, inflation and Company performance.

Director's remuneration paid during the year

	Fees Shs'000	Sitting allowance Shs'000	Total Shs'000
Non - executive Directors			
31 March 2025			
Philip Magor	5,005	200	5,205
Edward Magor	5,005	400	5,405
Mathew Koech	1,350	350	1,700
Ezekiel Ndichu Kimatu Wanjama	1,500	250	1,750
James Patrick Brooks	1,350	400	1,750
Total	14,210	1,600	15,810
31 March 2024			
Philip Magor	5,408	144	5,552
Edward Magor	5,408	259	5,667
Mathew Koech	720	259	979
Ezekiel Ndichu Kimatu Wanjama	1,080	174	1,254
James Patrick Brooks	720	259	979
Total	13,336	1,095	14,431

During the year, the Company also paid Directors fees of Shs 305,856 (2024: Shs 306,020) to Williamson Tea Kenya Plc relating to the executive Directors. Accordingly, the total Directors' remuneration for the year was Shs 16,116,782 (2024: Shs 14,737,020)

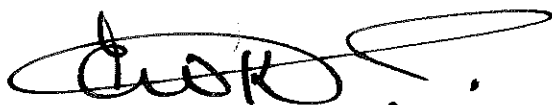
Executive Directors

Executive Directors' remuneration is paid by Williamson Tea Kenya Plc, a shareholder of the Company which has 39.56% shareholding in Kapchorua Tea Kenya Plc. Williamson Tea Kenya Plc in turn recharges Kapchorua commission calculated as a percentage of revenue to recover these and other costs.

Approval of the Directors' remuneration report

The Directors confirm that this report has been prepared in accordance with the Companies Act 2015.

BY ORDER OF THE BOARD



E N K Wanjama
Chairman

26th June 2025

The Companies Act, 2015 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss for that year. It also requires the Directors to ensure that the Company maintains proper accounting records that are sufficient to show and explain the transactions of the Company and disclose, with reasonable accuracy, the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company, and for taking reasonable steps for the prevention and detection of fraud and error

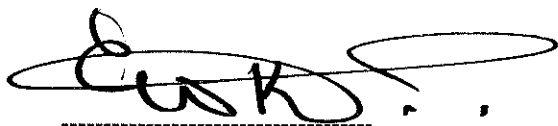
The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with the IFRS Accounting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

- (i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (ii) selecting suitable accounting policies and applying them consistently; and
- (iii) making accounting estimates and judgements that are reasonable in the circumstances.

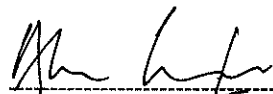
Having assessed the Company's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of Directors on 26th June 2025 and signed on its behalf by:



E N K Wanjama
Chairman



Alan L Carmichael
Managing Director



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KAPCHORUA TEA KENYA PLC

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Kapchorua Tea Kenya Plc (the "Company") set out on pages 24 to 64 which comprise the statement of financial position at 31 March 2025 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion the financial statements give a true and fair view of the financial position of Kapchorua Tea Kenya Plc as at 31 March 2025 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act 2015.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*PricewaterhouseCoopers LLP, PwC Tower, Waiyaki Way/Chiromo Road,
Westlands P O Box 43963 – 00100 Nairobi, Kenya
T: +254 (20)285 5000 F: +254 (20)285 5001 www.pwc.com/ke*

Partners: E Kerich P Kiambi B Kimacia M Mugasa F Muriu P Ngahu R Njoroge S O Norbert's B Okundi K Saiti

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KAPCHORUA TEA KENYA PLC
(CONTINUED)**

Key Audit Matter	How our audit addressed the key audit matter
<p>Valuation of biological assets</p> <p>As disclosed in note 3(ii) and 18 of the financial statements, the Company has significant biological assets consisting of unharvested green leaf and plantations of trees for fuel and timber sales. The biological assets are carried at fair value less estimated costs to sell.</p> <p>The Company estimates the fair value less costs to sell of biological assets based on the biological transformation of the assets and the prevailing market prices per cubic meter at the valuation date.</p> <p>The Company applies significant assumptions and estimates in determining the fair value less costs to sell of the biological assets based on both observable and non-observable data. The most significant assumptions and estimates include expected market prices, estimated costs to sell, biological transformation, maturity period for fuel and timber plantations, and the applicable discount rate for calculation of the present value of projected future cash flows.</p> <p>The assumptions and uncertainties involved in these estimates and judgements could have a material impact on the financial results and financial position of the Company.</p>	<p>We assessed management's process and controls for determination of the fair value of the biological assets, including oversight from those charged with governance.</p> <p>Performed, on a sample basis, a physical verification of the acreage of the biological asset to confirm the existence of the assets.</p> <p>Validated the significant assumptions in the valuation models against available market information or other independent sources of information.</p> <p>Tested the non-observable inputs used in the model against the underlying information to assess their accuracy, reliability and completeness.</p> <p>Subjected the key assumptions used in the model to a sensitivity analysis.</p> <p>Tested the mathematical accuracy of the valuation models.</p> <p>Assessed the adequacy and consistency of the related disclosures in the financial statements in accordance with the requirements of IFRS Accounting Standards.</p>

Other information

The other information comprises the Notice of the Annual General Meeting, Corporate Information, Financial Highlights, Chairman's Statement, Corporate Governance Statement, Report of Directors, Directors' Remuneration Report and Statement of Directors' Responsibilities, which we obtained prior to the date of this auditor's report but does not include the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information, 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KAPCHORUA TEA KENYA PLC (CONTINUED)

Responsibilities of Directors for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act 2015, and for such internal control as the Directors determine is necessary to enable the preparation of 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.

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 misstatement, 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 ISAs, 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 control.
- Obtain an understanding of internal control 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 control.
- 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 control that we identify during our audit.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KAPCHORUA TEA KENYA PLC (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Companies Act, 2015

Report of the Directors

In our opinion the information given in the report of the Directors on pages 14 - 16 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the Directors' remuneration report on page 17 - 18 has been properly prepared in accordance with the Companies Act, 2015

**FCPA Michael Mugasa, Practicing Certificate Number 1478
Engagement partner responsible for the audit**

**For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi.**

26th June 2025

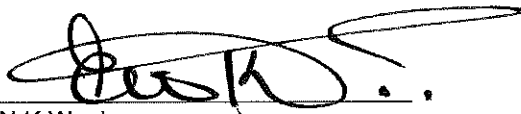
Statement of profit or loss and other comprehensive income

	Notes	2025 Shs'000	2024 Shs'000
Revenue	4	2,218,731	2,193,918
Gains / (losses) from changes in fair value of biological assets			
- Timber trees	18	56,596	34,091
- Fuel trees	18	48,830	43,485
- Unharvested green leaf		(5,159)	9,330
Operating income		2,318,998	2,280,824
Cost of sales	6	(1,965,334)	(1,624,005)
Gross profit		353,664	656,819
Other income		5,281	4,792
Interest income	10	56,318	33,021
Finance costs	10	(11,587)	(6,196)
Distribution costs	7	(115,954)	(90,534)
Administrative expenses	9	(26,179)	(24,604)
Profit before tax		261,543	573,298
Income tax charge	11	(80,366)	(173,939)
Profit for the year		181,177	399,359
Other comprehensive income			
<i>Items that may not be reclassified subsequently to profit or loss;</i>			
Gain on revaluation of property and equipment	14	-	76,613
Deferred income tax on revaluation surplus	14	-	(22,984)
Re-measurement of post-employment benefits obligation	24	(23,687)	10,428
Deferred income tax on post-employment re-measurement		7,106	(3,128)
		(16,581)	60,929
Total comprehensive income for the year		164,596	460,288
Earnings per share - basic and diluted (Shs)	12	23.16	51.04

Statement of financial position

	Notes	2025 Shs'000	2024 Shs'000
ASSETS			
Non -current assets			
Property, plant and equipment	14	1,181,129	1,192,591
Right of -use -assets	15	18,696	18,918
Intangible assets	16	242	229
Financial assets held at fair value through profit or loss	17	12,901	13,367
Biological assets – timber and fuel trees	18	456,032	376,815
		<u>1,669,000</u>	<u>1,601,920</u>
Current assets			
Cash and bank balances	21	674,064	588,677
Trade and other receivables	20	245,486	248,614
Inventories	19	206,498	454,998
Current income tax receivable	11	21,048	-
Biological assets-unharvested green leaf	18	8,132	13,291
		<u>1,155,228</u>	<u>1,305,580</u>
Total assets		<u>2,824,228</u>	<u>2,907,500</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	22	39,120	39,120
Other reserves	22	422,681	426,735
Retained earnings		1,637,392	1,586,103
Shareholders' funds		<u>2,099,193</u>	<u>2,051,958</u>
Non-current liabilities			
Deferred income tax	23	400,960	378,094
Post-employment benefits obligation	24	111,842	79,068
		<u>512,802</u>	<u>457,162</u>
Current liabilities			
Current income tax	11	-	108,046
Dividends payable	13	7,935	6,247
Trade and other payables	24	204,298	284,087
		<u>212,233</u>	<u>398,380</u>
Total equity and liabilities		<u>2,824,228</u>	<u>2,907,500</u>

The financial statements on pages 24 to 64 were approved and authorised for issue by the board of Directors on 26th June 2025 and were signed on its behalf by:


E N K Wanjama
Chairman


Alan L Carmichael
Managing Director

Statement of changes in equity

	Notes	Share capital Shs'000	Other reserves Shs'000	Retained Earnings Shs'000	Total Shs'000
Year ended 31 March 2024					
At start of year		39,120	385,931	1,440,461	1,865,512
Profit for the year		-	-	399,358	399,358
Other comprehensive income		-		7,300	7,300
Revaluation reserve release on disposal		-	(305)	305	-
Revaluation Reserve		-	76,612	-	76,612
Deferred income tax on revaluation		-	(22,984)	-	(22,984)
Deferred income tax on disposal		-	92	(92)	-
Transfer of excess depreciation		-	(18,016)	18,016	-
Deferred income tax on excess depreciation		-	5,405	(5,405)	-
Transaction with owners:					
- Dividend paid	13	-	-	(273,840)	(273,840)
At end of year		39,120	426,735	1,586,103	2,051,958
Year ended 31 March 2025					
At start of year		39,120	426,735	1,586,103	2,051,958
Profit for the year		-	-	181,177	181,177
Other comprehensive income		-		(16,582)	(16,582)
Revaluation reserve release on disposal		-	24	(24)	-
Deferred income tax on disposal		-	(7)	7	-
Transfer of excess depreciation		-	(5,815)	5,815	-
Deferred income tax on excess depreciation		-	1,744	(1,744)	-
Transaction with owners:					
- Dividend paid	13	-	-	(117,360)	(117,360)
At end of year		39,120	422,681	1,637,392	2,099,193

Statement of cash flows

	Notes	2025 Shs'000	2024 Shs'000
Cash flows from operating activities			
Cash generated from operations	26	425,326	406,733
Interest received	10	56,318	33,021
Tax paid	11	(179,487)	(40,602)
		<hr/>	<hr/>
Net cash flows from operating activities		302,157	399,152
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(97,436)	(125,287)
Purchase of intangible assets computer software	16	(256)	-
Dividends Received		-	196
Proceeds from disposal of PPE		-	2,435
Additions to biological assets	18	(2,181)	(3,441)
		<hr/>	<hr/>
Net cash flows from investing activities		(99,873)	(126,097)
		<hr/>	<hr/>
Cash flows from financing activities			
Dividend paid	13	(115,672)	(271,692)
		<hr/>	<hr/>
Net cash flows from financing activities		(115,672)	(271,692)
		<hr/>	<hr/>
Increase in cash and cash equivalents		86,612	1,363
Cash and cash equivalents at start of year		588,677	595,010
Effects of exchange rate changes on cash and cash equivalents		(1,225)	(7,696)
		<hr/>	<hr/>
Cash and cash equivalents at end of year	21	674,064	588,677
		<hr/>	<hr/>

Notes

1 GENERAL INFORMATION

Kapchorua Tea Kenya Plc (the "Company") is incorporated in Kenya under the Companies Act, 2015 as a public limited liability company listed and is domiciled in Kenya. The Company's shares are listed on the Nairobi Securities Exchange (NSE). Williamson Tea Kenya Plc and its subsidiaries operate in Kenya. The address of its registered office is:

Karen Office Park
Acacia Block 2nd Floor
Lang'ata Road
PO BOX 42281-00100
Nairobi

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), and in the manner required by the Kenyan Companies Act, 2015.

For the Kenyan Companies Act reporting purposes, in these financial statements, the balance sheet is represented by the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

b) Changes in accounting policy and disclosures

(i) New standards, amendments and interpretations adopted

The Company has applied the following applicable standards and amendments for the first time for the annual reporting period commencing 1 March 2024:

Amendments to IAS 1 - Non-current liabilities with covenants

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

This standard was effective from 1 March 2024 and had no material impact on the Company financial statements.

(ii) New standards, interpretations and amendments issued but not effective

At the date of authorisation of these financial statements, the Company had not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

New standards and Amendments to standards	Effective for annual periods beginning on or after
IFRS 19, 'Subsidiaries without Public Accountability'	1 January 2027
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures"	1 January 2026
IFRS 18, 'Presentation and Disclosure in Financial Statements'	1 January 2027

Notes (continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

b) Changes in accounting policy and disclosures (continued)

(ii) New standards, interpretations and amendments issued but not effective (continued)

IFRS 19 - Subsidiaries without Public Accountability

The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the IFRS Accounting Standards in its consolidated financial statements.

IFRS 19 is a voluntary accounting standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.

However, the Company does not anticipate any impact to its financial statements.

Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments.

The amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. The changes offer further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

There are also new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets). Further, there are updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

However, the Company does not anticipate any impact to its financial statements.

IFRS 18 - Presentation and Disclosure in Financial Statements

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

The Company has not done an assessment of the extent to which the standard will impact its financial statement's presentation and disclosures.

Notes (continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

c) Basis of Preparation

The financial statements are prepared in terms of IFRS and the requirements of the Kenyan Companies Act.

The Company prepares its financial statements under the historical cost convention as modified by revaluation of certain assets.

d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax (VAT), rebates and discounts.

Revenue is recognized when the Company satisfies the performance obligation and transfers control of the goods or services to the customer at the amount to which the Company expects to be entitled and that is allocated to that specific performance obligation.

Revenue is recognised as follows:

- a) Sales goods (teas) are recognised at a point in time when the control of the promised goods transfers to the customer and the entity has satisfied its performance obligations under the contract with the customer. The point of transfer of control is determined as the date of delivery of goods to the customer for local sales and date of bill of lading for export sales. For auction sales, revenue is recognised when control of the tea has transferred, being at the fall of the hammer. The transaction price is determined based on the contract for contract sales and based on the bid price for auction sales.

Under the Company's standard contract terms, customers do not have a right to return due to the nature of the agricultural produce.

e) Interest income

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

f) Other income

Other income related to income not derived from the primary activities of the Company such as from the sale of property, plant and equipment. Other income is recognised in the profit or loss when the "other income" is earned and control of the related asset is transferred or when the "other expense" is incurred.

g) Inventories

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

Firewood is stated at the lower of production cost and net realizable value. Consumable stores inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average

method. Obsolete and defective inventories are fully provided for. Spare parts are fully provided for if not used for 3 years and over.

Notes (continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

h) Biological assets

Biological assets (produce growing on tea bushes, fuel plantations and timber plantations) have been stated at their fair value less estimated point-of-sale costs. Any gains or losses arising on initial recognition of biological assets and from subsequent changes in fair value less costs to sell are recognised in the statement of profit or loss in the year in which they arise. The tea bushes are bearer plants and are therefore presented and accounted for as property, plant and equipment (see note 13). However, the produce growing on these tea bushes is accounted for as biological assets at the point of harvest. Harvested produce is transferred to inventory at fair value less costs to sell when harvested.

The produce growing on tea bushes at the reporting date are measured at fair value less costs to sell using IAS 41 – Agriculture. The fair values of fuel and timber plantations are determined based on the prices existing in the market.

The cost of replanting, infilling and upkeep is recognised as an expense in the profit or loss. The gain or loss in valuation of biological assets and agricultural produce is dealt with in the profit or loss.

Immature trees, where cost approximate fair value, are valued at cost.

i) Intangible assets-computer software costs

Costs incurred on computer software are accounted for at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives not exceeding a period of 3 years. The amortisation charge has been included as part of cost of sales. Amortization periods and methods of amortization are reviewed at each reporting date. The average remaining amortisation period is one year.

j) Property, plant and equipment

Property, plant and equipment are stated at cost or as professionally revalued less accumulated depreciation and any impairment losses. Professional valuations are carried out in accordance with the Company's policy of revaluing certain items of property, plant and equipment after every three years.

The basis of valuation for buildings, machinery and equipment is market value approach.

Any revaluation increase arising on the revaluation is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluations of such land and other assets is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus reserve relating to a previous revaluation of that asset.

Bearer plants are classified as immature until the produce can be commercially harvested. At that point they are reclassified and depreciation commences. Immature plantations are measured at accumulated cost.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to rise from the continued use of the asset. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes (continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

k) Depreciation

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

The estimated useful lives, residual values and depreciation method are reviewed, at each year end, with effect of any changes in estimate accounted for on a prospective basis.

Land is not depreciated. Capital work in progress is not depreciated until the asset is brought into use.

The annual rates generally in use are:

Buildings	5%
Dams	2.5%
Machinery and equipment	10%
Tractors & accessories	10% - 25%
Motor vehicles	25%
Office equipment, furniture and fittings	10%
Computers	25%
Bearer plants	2%

Bearer plants are depreciated on a straight-line basis over the estimated productive lives of the tea bushes.

Depreciation on revalued building and machinery and equipment is recognised in profit or loss. On subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated surplus.

Each year the difference between depreciation based on the revalued carrying amount of an asset (the depreciation charged through profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

l) Capital work in progress.

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

m) Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

Notes (continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

m) Leases (continued)

The company as lessee (continued)

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used). A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Notes (continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

m) Leases (continued)

The company as lessee (continued)

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

n) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred income tax

Deferred income tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(ii) Current and deferred income tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Notes (continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

o) Employee benefit costs

(i) Company defined contribution retirement benefit scheme

The Company participates in a defined contribution scheme for eligible non-unionisable employees operated by Williamson Tea Kenya Limited for its employees. The assets of the scheme are held in a separate trustee administered fund. The scheme is funded from contributions from both the Company and employees. The Company's contributions to the defined contribution plan are charged to the profit or loss in the year to which they relate.

(ii) Statutory defined contribution pension scheme

The Company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Fund Act. The Company's obligations under the scheme are limited to specific contributions legislated from time to time, currently Shs 200 per employee per month.

The Company's contributions are charged to profit or loss in the year to which they relate.

(iii) Other employee entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the end of the reporting period.

Unionisable staff who resign or whose services are terminated either due to illness or other reasons after completion of ten years of continuous and meritorious service with the Company are entitled to twenty-two days' pay for each completed year of service by way of gratuity, based on the wages or salary at the time of such resignation or termination of services, as provided for in the trade union agreement with the Company. An employee who is dismissed or terminated for gross misconduct is not entitled to gratuity. The service gratuity is provided for in the financial statements based on the present value of benefits payable as they accrue to each employee.

p) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

Notes (continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

p) Impairment of tangible and intangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless it relates to a revalued asset in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that their increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

q) Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into Kenya Shillings at the rates of exchange ruling at the end of the reporting period. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are dealt with through profit or loss.

r) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of recognition

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

Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

Financial assets

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

- Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at fair value through profit or loss;
- Financial assets at amortised cost (debt instruments).

Notes (continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

r) Financial Instruments (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Company has classified quoted equity instruments and investments in collective investment scheme in this category.

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include Loans and receivables, cash and cash equivalents, deposits with financial institutions, commercial papers, corporate bonds, other receivables, government securities at amortised cost and due from related parties.

The SPPI test

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

"Principal" for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest is set.

Notes (continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

r) Financial Instruments (continued)

Financial assets (continued)

Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Derecognition due to substantial modification of terms and conditions

The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as derecognition gain or loss. When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors: introduction of an equity feature, change in counterparty and if the modification is such that the instrument would no longer meet the SPPI criterion. If the modification does not result into cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss.

Impairment of financial assets

At the end of each reporting period, all financial assets are subject to review for impairment. If it is probable that the Company will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables, or held-to-maturity investments carried at amortised cost, an impairment or bad debt loss has occurred. The carrying amount of the asset is reduced to its estimated recoverable amount either directly or through use of an allowance account. The amount of the loss incurred is dealt with through profit or loss for the year. If a loss on a financial asset carried at fair value (recoverable amount is below original acquisition cost) has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative net loss that had been recognised in other comprehensive income is removed and recognised in the profit or loss for the period even though the financial asset has not been derecognised. Reversal of an impairment loss is recognised in the profit or loss unless it relates to a revalued asset. The Group assesses related party receivables for impairment in accordance with IFRS 9, applying the expected credit loss model. Although related party balances may not follow typical commercial credit risk patterns, the Group evaluates the recoverability of these receivables based on the financial position and historical payment behavior of the counterparty, as well as any contractual terms and support arrangements in place. Where there is evidence of financial difficulty or prolonged non-payment, an ECL is recognized. The assessment incorporates forward-looking information and considers both quantitative and qualitative factors to determine the appropriate level of provision.

Notes (continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

s) Unquoted equity investments

All equity investments in scope of IFRS 9 are to be measured at fair value in the statement of financial position, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income.

t) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held with banks.

u) Dividends

Dividends on ordinary shares are charged directly to equity in the period in which they are declared. Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the year in which the dividends are approved by the shareholders.

Dividends receivable are recognized as income in the period in which the right to receive payment is established.

v) Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

w) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes of presentation in the current year.

3 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

These are dealt with below:

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

Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of the asset's fair value less costs to sale and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Any impairment losses are recognised immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss other than that arising from goodwill, is recognised as income immediately.

Notes (continued)

3 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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

Revaluation of assets

Some of the Company's assets are stated as professionally valued every three years. The board of Directors of the Company determines the appropriate valuation techniques and inputs for fair value measurements and frequency of the asset valuation. The board of Directors engages third party qualified and registered valuers to perform valuation. The board and management work closely with the external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about valuation techniques and inputs used in determining the fair value of various assets disclosed in notes 14.

Land tenure

The new constitution that was promulgated in August 2010 provided that a person who is not a citizen may hold land on the basis of leasehold tenure only and such leases, however granted, shall not exceed 99 years. The Company's land titles in Kenya, which were originally either freehold or leases in excess of 900 years, were converted to 99-year leases with effect from 27th August 2010. In the current year, the Company has affected accrual for the amortisation of the land over the resultant remaining lease period under right of use assets. The Company has yet to receive the new title deeds.

(ii) Key sources of estimation uncertainty

Biological assets (timber and fuel)

The most significant assumptions and estimates include use of estimate of the costs to sell, biological transformation and maturity period for the fuel and timber trees, and the discount rate for the expected cash flows. In determining the fair value less costs to sell of biological assets, the Company uses the expected cash flows from the sale of the asset discounted at the current market determined pretax rate. The objective of a calculation of the present value of expected net cash flows is to determine the fair value of a biological asset in its present location and condition. The Directors use estimates based on historical data relating to yields, selling prices, harvesting, and biological transformation. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between estimates and actual experience.

Property, plant and equipment and intangible assets

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

Notes (continued)

4 REVENUE

	2025 Shs'000	2024 Shs'000
a) This information is based on the principal activity of the Company: Tea sales	2,218,731	2,193,918
b) The Company's tea sales revenue is derived from point-in-time sales the following markets:		
Global markets - exports	980,652	890,489
Kenya	1,238,079	1,303,429
	<u>2,218,731</u>	<u>2,193,918</u>

5 PROFIT BEFORE TAX

The profit before taxation is arrived at after charging/(crediting):

Staff costs (note 9)	254,235	236,704
Depreciation of property, plant and equipment (note 14)	108,648	120,468
Fees and allowances (note 27)	16,116	14,836
Auditors' remuneration	2,578	2,170
Loss on disposal of plant and equipment	(249)	(4,961)
	<u></u>	<u></u>

6 COST OF SALES

Factory and processing costs	267,007	285,330
Outgrowers green leaf costs	856,287	992,518
Own green leaf costs	162,496	181,881
Estate and central overheads	389,975	376,525
Licenses and royalties	87,675	82,514
Tea stock movements	201,894	(294,763)
	<u>1,965,333</u>	<u>1,624,005</u>

7 DISTRIBUTION COSTS

Ocean freight and marine insurance	13,347	9,260
Transport to coast and coast charges	93,396	71,602
Brokerage fees	9,211	9,672
	<u>115,954</u>	<u>90,534</u>

8 ADMINISTRATIVE EXPENSES

Professional fees	4,536	3,040
Auditors' remuneration	2,578	2,170
Directors' fees and expenses	16,117	14,836
Bank charges	2,948	4,558
	<u>26,179</u>	<u>24,604</u>

Notes (continued)

9 STAFF COSTS

	2025	2024
	Shs'000	Shs'000
Wages and salaries	216,440	199,495
Social security costs (NSSF)	1,249	4,373
Pension costs (defined contribution plan)	3,047	3,241
Post-employment benefits obligation (note 24)	16,301	15,956
Leave pay provision	12,306	9,080
Medical	4,892	4,559
	<hr/>	<hr/>
	254,235	236,704
	<hr/>	<hr/>

The average number of employees during the year ended 31 March were as follows:

Management and administration	5	5
Factory	225	197
Field	368	262
	<hr/>	<hr/>
	598	464
	<hr/>	<hr/>

10 INTEREST INCOME & FINANCE COSTS

a) Interest income

Interest income on short term deposits	56,318	33,021
	<hr/>	<hr/>

b) Finance costs

Net foreign exchange losses	(11,587)	(6,196)
	<hr/>	<hr/>

11 INCOME TAX

a) Current income tax charge

Current income tax based on taxable profit for the year at 30%	50,393	181,563
Prior year over-provision of current tax	-	5,613
	<hr/>	<hr/>
	50,393	187,176
	<hr/>	<hr/>

b) Deferred income tax charge

Charge / (credit) for the year (note 23)	29,972	(7,061)
Prior year under-provision (note 11 c)	1	(6,176)
	<hr/>	<hr/>
	29,973	(13,237)
	<hr/>	<hr/>
	80,366	173,939
	<hr/>	<hr/>

Notes (continued)

11 INCOME TAX (continued)

c) Reconciliation of expected income tax based on accounting profit / (loss) to tax charge

	2025 Shs '000	2024 Shs' 000
Accounting profit before tax	261,543	573,297
Tax at the applicable rate of 30% (2024: 30%)	78,463	171,989
<i>Tax effect of income not taxable</i>		
Other income not taxable	-	(59)
<i>Tax effect of expenses not deductible for tax purposes</i>		
Depreciation on non-qualifying assets	497	455
Pension costs	965	930
Donations	172	-
Subscriptions	-	281
Other provisions	199	775
Under-provision of deferred income tax in prior years	1	(6,176)
Under-provision of current income tax in prior years	-	5,613
Tax effect of deferred tax calculated at 15%	70	131
	80,366	173,939

d) Current income tax recoverable

At start of year	108,046	(38,528)
Charge to profit or loss	50,393	181,563
Tax paid in the year	(179,487)	(40,602)
Prior year over provision	-	5,613
At end of year	(21,048)	108,046

Notes (continued)

12 EARNINGS PER SHARE

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

	2025 Shs'000	2024 Shs'000
Earnings		
Profit	181,177	399,358
	<hr/>	<hr/>
Weighted average number of ordinary shares (thousands)		
At start and end of year (note 22)	7,824	7,824
	<hr/>	<hr/>
Earnings per share		
Basic and diluted (Shs)	23.16	51.04
	<hr/>	<hr/>

There were no potentially dilutive shares outstanding at 31 March 2025 or 31 March 2024. Diluted earnings per share are therefore equivalent to the basic earnings per share.

13 DIVIDENDS

(a) Proposed dividends

The Directors recommend that a final dividend of Shs.25.00 per share (2024: Shs 25 per share), totalling Shs 195,600,000 (2024: Shs 195,600,000) be paid to shareholders.

This dividend is subject to approval by shareholders at the Annual General Meeting to be held on Thursday 28th August 2025 and has therefore not been included as a liability in these financial statements.

The dividends payable is subject to, where applicable, deduction of withholding tax as required under the Kenyan Income Tax Act, Chapter 470 Laws of Kenya.

(b) Dividends payable

	2025 Shs'000	2024 Shs'000
At start of year	6,247	4,099
Final dividend declared	117,360	273,840
Dividends paid	(115,672)	(271,692)
	<hr/>	<hr/>
At end of year	7,935	6,247
	<hr/>	<hr/>

Notes (continued)

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings Shs'000	Machinery & equipment Shs'000	Tractors & accessories Shs'000	Motor vehicles Shs'000	Office equipment furniture & fittings Shs'000	Computers Shs'000	Bearer plants Shs'000	Work in progress Shs'000	Total Shs'000
COST OR VALUATION									
At 1 April 2023	465,415	412,328	43,399	32,570	5,812	20,686	513,249	102,332	1,595,791
Additions	61	46,713	6,807	9,037	218	2,052	-	60,399	125,287
Disposals	-	(4,740)	(5,145)	(7,477)	-	-	(17,029)	(55)	(34,446)
Transfers	1,279	24,482	-	-	-	-	16,355	(42,116)	-
Revaluation Adjustment	(40,067)	(64,306)	-	-	-	-	-	-	(104,373)
At 31 March 2024	426,688	414,477	45,061	34,130	6,030	22,738	512,575	120,560	1,582,259
Comprising:									
At valuation	314,015	27,858	-	-	-	-	-	-	341,873
At cost	112,673	386,619	45,061	34,130	6,030	22,738	512,575	120,560	1,240,386
	426,688	414,477	45,061	34,130	6,030	22,738	512,575	120,560	1,582,259
At 1 April 2024	426,688	414,477	45,061	34,130	6,030	22,738	512,575	120,560	1,582,259
Additions	801	45,890	463	485	92	580	-	49,125	97,436
Disposals	(145)	(104)	-	-	-	-	-	-	(249)
Transfers	-	22,832	-	-	-	-	20,221	(43,053)	-
At 31 March 2025	427,344	483,095	45,524	34,615	6,122	23,318	532,796	126,632	1,679,446
Comprising:									
At valuation	313,870	27,754	-	-	-	-	-	-	341,624
At cost	113,474	455,341	45,524	34,615	6,122	23,318	532,796	126,632	1,337,822
	427,344	483,095	45,524	34,615	6,122	23,318	532,796	126,632	1,679,446

Notes (continued)

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings Shs'000	Machinery & equipment Shs'000	Tractors & accessories Shs'000	Motor vehicles Shs'000	Office equipment furniture & fittings Shs'000	Computers Shs'000	Bearer plants Shs'000	Work in progress Shs'000	Total Shs'000
DEPRECIATION									
At 1 April 2023	70,609	37,081	41,526	22,307	4,318	17,989	283,407	-	477,237
Charge for the year	39,331	37,135	1,796	5,535	267	1,163	35,241	-	120,468
Disposals	-	(3,076)	(5,145)	(7,477)	-	-	(11,352)	-	(27,050)
Depreciation on Revaluation	(109,940)	(71,046)	-	-	-	-	-	-	(180,986)
At 31 March 2024	-	94	38,177	20,365	4,585	19,152	307,296	-	389,669
At 1 April 2024	-	94	38,177	20,365	4,585	19,152	307,296	-	389,669
Charge for the year	35,361	27,784	1,996	6,114	252	1,496	35,645	-	108,648
Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2024	35,361	27,878	40,173	26,479	4,837	20,648	342,941	-	498,317
NET BOOK VALUE									
At 31 March 2025	391,983	455,217	5,351	8,136	1,285	2,670	189,855	126,632	1,181,129
At 31 March 2024	426,688	414,384	6,884	13,765	1,445	3,586	205,279	120,560	1,192,591
NET BOOK VALUE (Cost basis)									
At 31 March 2025	112,719	311,796	5,351	8,136	1,285	2,670	189,855	126,632	758,444
At 31 March 2024	125,117	287,473	6,884	13,765	1,445	3,586	205,279	120,560	764,109

Included in property, plant and equipment are assets with an original cost of Shs 295,675,865 (2024 - Shs 72,369,307.63) which are fully depreciated and whose notional depreciation charge for the year would have been Shs 14,588,532 (2024 - Shs 16,701,486). Buildings, machinery and equipment were last revalued as at 31 March 2024 by Knight Frank Valuers Limited, registered valuers and estate agents on depreciated replacement cost basis. There is a charge over property title LR number 11770 IR 21761 in the name of the Company as a security for its overdraft facilities. The capital work in progress comprises costs incurred in the construction of plant and machinery at the tea estates and costs incurred on immature tea bushes (bearer plants).

Notes (continued)

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Land, building and machinery were last revalued as at 31 March 2024 by an independent valuer, Knight Frank, Registered Valuers and Estate Agents, using the market value approach.

No restrictions on plant, property and equipment apart from the title pledged as security for overdraft facility. A total of Shs 78 million (2024: 57Million) was being carried as capital commitments as disclosed on note 29. The fair value of plant, property and equipment does not materially differ from the carrying value.

The capital work in progress comprises costs incurred in the construction of plant and machinery and costs incurred on immature tea bushes (bearer plants).

The Company's buildings and machinery and equipment are stated at their revalued amounts, being the fair values at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's buildings and machinery & equipment as at 31 March 2024 was performed by Knight Frank Valuers Limited, registered and independent valuers. Knight Frank Valuers Limited are registered valuers with the Valuers Registration Board and they have appropriate qualifications and relevant and recent experience in the fair value measurement of buildings, machinery and equipment in the various locations in Kenya. The fair value of buildings, machinery and equipment was determined using market value approach. The significant inputs included the estimated construction and purchase costs and other ancillary expenditures, and appropriate depreciation factors. A slight increase in the depreciation factor would result in a decrease in the fair value of the assets, and a slight increase in the estimated construction and purchase costs would result in an increase in the fair value of the assets, and vice versa.

IFRS 13 specifies a hierarchy of valuation techniques based on whether inputs used in the valuation techniques of financial instruments are observable or unobservable. Financial instruments are grouped into 3 levels based on the degree to which fair value data / input is observable.

- i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed debt and equity instruments traded mainly on the Nairobi Securities Exchange.
- ii) Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as a price) or indirectly (i.e., derived from prices). Input data for this category is sourced mainly from Reuters and the Nairobi Securities Exchange.
- iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

Details of the Company's buildings and machinery and equipment and information about fair value hierarchy as at 31 March 2024 are as follows:

	Level 1 Shs'000	Level 2 Shs '000	Level 3 Shs'000	Fair value as at 31 March Shs '000
31 March 2025				
Buildings	-	-	391,983	391,983
Machinery and equipment	-	-	455,217	455,217
	-	-	847,200	847,200

Notes (continued)

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Level 1 Shs'000	Level 2 Shs '000	Level 3 Shs'000	Fair value as at 31 March Shs '000
31 March 2024				
Buildings	-	-	426,689	426,689
Machinery and equipment	-	-	414,383	414,383
	-	-	841,072	841,072

There were no transfers between level 1, level 2 and level 3 during the year.

The significant unobservable inputs used in the fair value measurements categorised in level 3 of the fair value hierarchy as at 31 March 2025 are as shown below.

Instrument	Level	Valuation basis	Significant unobservable Inputs	Sensitivity of input to the fair value Increase/ (decrease) in rate per sq.ft by 5% would decrease/ (increase) fair value by Shs 23.4 million
Property, plant and equipment	3	Market approach	Rate per sq.ft- 707.6	

15 RIGHT-OF-USE ASSET

	2025 Shs'000	2024 Shs'000
COST		
At beginning and end of year	21,957	21,957
DEPRECIATION		
At beginning of year	3,039	2,817
Charge for the year	222	222
At end of year	3,261	3,039
NET BOOK VALUE		
At end of year	18,696	18,918

The Company's land titles in Kenya, which were originally either freehold or leases of 999 years, were converted to 99-year leases with effect from 27 August 2010. In the current year, the Company has accrued for the amortisation of the operating leases over the 99 years lease period since 27 August 2010.

Notes (continued)

16 INTANGIBLE ASSETS – COMPUTER SOFTWARE

	2025 Shs'000	2024 Shs'000
COST		
At start and end of year	5,902	5,902
Additions/disposal in the year	256	-
	-	-
	<u>6,158</u>	<u>5,902</u>
AMORTISATION		
At start of year	5,674	5,453
Charge for the year	242	220
	<u>5,916</u>	<u>5,673</u>
NET BOOK VALUE		
At end of year	<u>242</u>	<u>229</u>

17 FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Unquoted investment of 503,930 shares of Shs 10 each in Kenya Tea packers Limited	12,901	13,367
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Kenya Tea Packers Limited (KETEPA) is the largest tea packaging Company in Kenya.

The fair value of the investment is based on the net assets in the audited financial statements of KETEPA as at 30 June 2024.

Notes (continued)

18 BIOLOGICAL ASSETS

(a) Non – current assets

Year ended 31 March 2024

	Timber trees Shs'000	Fuel trees Shs'000	Total Shs'000
Carrying amount at start of year	129,984	181,625	311,609
Net expenditure during the year	214	3,227	3,441
	130,198	184,852	315,050
Gains arising from changes in fair value attributable to biological transformation	34,091	43,485	77,576
Decrease due to harvest for own use	(33)	(15,778)	(15,811)
Decrease due to sale	-	-	-
Carrying amount at end of year	164,256	212,559	376,815

Year ended 31 March 2025

Carrying amount at beginning of year	164,256	212,559	376,815
Net expenditure in the year	-	2,181	2,181
	164,256	214,740	378,996
Gains arising from changes in fair value attributable to biological transformation	56,596	48,830	105,426
Decrease due to harvest for own use	-	(28,390)	(28,390)
Carrying amount at end of year	220,852	235,180	456,032

Notes (continued)

18 BIOLOGICAL ASSETS (Continued)

(b) Current assets-unharvested Greenleaf

	2025 Shs 000	2024 Shs 000
At 1st April	13,291	3,961
Loss/(gain) arising from changes in fair value	(5,159)	9,330
	<hr/>	<hr/>
At 31 March	8,132	13,291
	<hr/>	<hr/>

(c) Significant assumptions

The fair value of biological assets is estimated using the market approach. Timber plantations were revalued at 31 March 2023 by an independent valuation expert, Kenya Forestry Research Institute (KEFRI) using the lumpsum/ liquidation method; by applying the current residual market price of the trees.

The key significant assumptions made to determine the fair values of timber trees, fuel trees and produce growing on tea bushes are as set out below:

1. Timber and fuel trees assumptions

- Firewood (fuel) selling prices represents the value that the Company can fetch (in cubic meters) upon harvest and delivery to a third party
- The selling price for timber represents the unit residual market price per cubic meter. The residual price is derived by taking the market price of processed timber less the transaction costs.
- A discount rate of 17% (2024: 14%) per annum is applied to discount the expected net cash flows arising from the future harvest of fuel plantations upon maturity.
- The maturity period of firewood and timber trees is between 5 and 15 years depending on the species of the tree.

Unharvested green leaf

- The Company's average tea harvest cycle is 15 days. There is sufficient actual data immediately following the reporting date to be able to reliably estimate the agricultural produce at the reporting date.
- The harvest cycle is short enough (15 days) not to require discounting.
- The green leaf price that the Company pays to its third party out-growers is a reasonable estimate of the price the Company expects to fetch for sale of green leaf. Consequently, the out-grower rate has been used to fair value the unharvested green leaf at the reporting date.

The fair value of biological assets is sensitive to these assumptions, the more significant of which are as follows:

- A 10% movement in the market price for trees would result in a Shs 30,572,034 (2024: Shs 41,472,270) increase/decrease in the fair value of the timber and fuel trees.
- A 1 percentage point movement in the discount rate used in determining the expected net cash flows would result in a Shs 2,015,181 (2024: Shs 2,193,797) increase/decrease in the fair value of the timber and fuel trees.

Notes (continued)

18 BIOLOGICAL ASSETS (Continued)

(d) Significant assumptions

The following table presents Company's biological assets that are measured at fair value:

		Level 1	Level 2	Level 3	Total
		Shs'000	Shs'000	Shs'000	Shs'000
Valuation technique					
Year ended 31 March 2025					
Timber and fuel trees	Market approach	-	456,032	-	456,032
Produce growing on tea bushes	Market approach	-	8,132	-	8,132
		-	464,164	-	464,164
		Level 1	Level 2	Level 3	Total
		Shs'000	Shs'000	Shs'000	Shs'000
Valuation technique					
Year ended 31 March 2024					
Timber and fuel trees	Market approach	-	376,815	-	376,815
Produce growing on tea bushes	Market approach	-	13,291	-	13,291
			390,106	-	390,106

Other qualitative and quantitative information

The total timber and fuel trees comprise of approximately 72 hectares (2024:89 hectares) of immature trees (less than 5 years old) and 315 hectares (2024: 320 Hectares) of mature trees.

The Company is exposed to risks arising from environmental and climatic changes, commodity prices and financing risks. The Company's geographic spread of farms allows a high degree of mitigation against adverse climatic conditions such as droughts and floods and disease outbreaks. The Company has strong environmental policies and procedures in place to comply with environmental and other laws. The Company is exposed to risks arising from fluctuations in the price of Timber trees. Sales of Timber is widely advertised and done competitively to get the best possible sales price. Planting and upkeep of Timber and firewood trees require substantial capital in the first two years.

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

Description	Fair value at		Unobservable input	Range of inputs (probability – weighted average)		Relationship of unobservable inputs to fair value
	31 March 2025 Shs'000	31 March 2024 Shs'000		2025	2024	
Biological assets	456,032	390,106	Discount rate	10 – 17% (17%)	10 – 14% (14%)	The higher the discount rate the lower the fair value

Notes (continued)

19 INVENTORIES

	2025 Shs'000	2024 Shs'000
Tea stocks	152,159	354,052
Firewood	11,477	9,495
	<hr/>	<hr/>
	163,636	363,547
Consumables	61,735	108,358
Less: provision for slow moving inventory	(18,873)	(16,907)
	<hr/>	<hr/>
	206,498	454,998
	<hr/>	<hr/>

The cost of inventories recognised as an expense during the year was Shs 1,094 million (2024: Shs 1,238 million).

The cost of inventories recognised as an expense includes Shs 3.4 million (2024: Shs 2.1 million) in respect of provisions for slow moving inventory.

20 TRADE AND OTHER RECEIVABLES

	2025 Shs'000	2024 Shs'000
Trade receivables	109,817	111,261
VAT recoverable	35,538	65,478
Staff debtors	3,328	5,941
Prepayments and other receivables	18,986	20,708
Due from related parties (note 27)	77,817	45,226
	<hr/>	<hr/>
	245,486	248,614
Provision for expected credit losses	-	-
	<hr/>	<hr/>
	245,486	248,614
	<hr/>	<hr/>
Movement in provision for expected credit losses		
At 1 April	-	1,873
Decrease in provision during the year	-	(1,873)
	<hr/>	<hr/>
At 31 March	-	-
	<hr/>	<hr/>

All trade receivables are with normal trading partners with no history of default. There has been no significant change in credit quality of these partners and the amounts are deemed fully recoverable. The fair values of the trade receivables approximate their carrying amounts largely due to the short-term repayment periods.

Notes (continued)

21 CASH AND BANK BALANCES

	2025 Shs'000	2024 Shs'000
Cash balances	15	77
Bank balances	266,090	131,138
	<hr/>	<hr/>
Total cash and bank balances	266,105	131,215
	<hr/>	<hr/>
Short term bank deposits	407,959	457,462
	<hr/>	<hr/>
	674,064	588,677
	<hr/>	<hr/>

The short-term bank deposits mature within 90 days. The effective interest rate on the short-term deposits as at 31 March 2025 was 9.45% (2024: 12.66%) Per annum. No allowance for expected credit losses has been recognised on the above balances. There has been no change in credit quality of the financial institutions with which the above balances are held with.

22 SHARE CAPITAL

	2025 Shs'000	2024 Shs'000
Authorised:		
9,780,000 ordinary shares of Shs 5 each	48,900	48,900
	<hr/>	<hr/>
Issued and fully paid:		
7,824,000 ordinary shares of Shs 5 each	39,120	39,120
	<hr/>	<hr/>

OTHER RESERVES

Other reserves are made up of the following reserves;

	Revaluation reserves Shs'000	Remeasurement reserves Shs'000	Total Shs'000
31 March 2025			
At start of year	426,735	-	426,735
Revaluation reserve release on disposal	-	24	24
Deferred tax on Disposal		(7)	(7)
Transfer of excess depreciation	-	(5,815)	(5,815)
Deferred income tax on excess depreciation	-	1,744	1,744
	<hr/>	<hr/>	<hr/>
	426,735	(4,054)	422,681
	<hr/>	<hr/>	<hr/>
31 March 2024			
At start of year	385,931	-	385,931
Revaluation reserve release on disposal	-	(305)	(305)
Revaluation Reserve		76,612	76,612
Deferred tax on revaluation		(22,984)	(22,984)
Deferred tax on Disposal		92	92
Transfer of excess depreciation	-	(18,016)	(18,016)
Deferred income tax on excess depreciation	-	5,405	5,405
	<hr/>	<hr/>	<hr/>
	385,931	40,804	426,735
	<hr/>	<hr/>	<hr/>

The revaluation surplus arises from revaluation of property, plant and equipment and is not distributable.

Notes (continued)

23 DEFERRED INCOME TAX

	2025 Shs'000	2024 Shs'000
Deferred income tax liabilities:		
Property, plant and equipment		
- At costs	189,533	192,667
- On revaluation surplus	126,805	128,542
Biological assets	126,159	103,640
Unrealised exchange gains	185	3,365
Investment properties & other equities revaluation gain	1,935	2,005
Deferred Tax on gratuity OCI	-	6,216
	<hr/> 444,617	<hr/> 436,435
Deferred tax assets:		
Post-employment benefits obligation	(34,443)	(29,936)
Other deductible differences	(9,214)	(28,405)
	<hr/> (43,657)	<hr/> (58,341)
Net deferred income tax liability	<hr/> 400,960	<hr/> 378,094

The movement on the deferred income tax account is as follows:

At start of year	378,093	365,219
Charge for the year	29,972	(7,061)
Under provision in prior years	1	(6,176)
Deferred income tax on revaluation surplus	-	22,984
Deferred income tax on gratuity OCI	(7,106)	3,128
At end of year	<hr/> 400,960	<hr/> 378,094

24 POST-EMPLOYMENT BENEFITS OBLIGATION

At start of year	79,068	85,563
Charge to profit or loss (note 9)	16,301	15,956
Payments made in the year	(7,214)	(12,023)
Re-measurements recognised through OCI	23,687	(10,428)
At end of year	<hr/> 111,842	<hr/> 79,068

The significant actuarial assumptions used were as follows:

The Company holds gratuity provisions for its unionisable employees in line with the requirements of IAS 19. The scheme is unfunded and hence no assets have been set aside to meet the benefits under the arrangement. The Company pays benefits from general revenues as and when they arise.

Notes (continued)

24 POST-EMPLOYMENT BENEFITS OBLIGATION (continued)

	2025	2024
Discount rate (%)	12.4	15.9
Future salary increases (% p.a)	8.0	8.0
Mortality (pre-retirement)	A1949-1952	A1949-1952
Mortality (post-retirement)	N/a	N/a
Retirement Age	Age 55	Age 55

A sensitivity analysis has been determined on the discount rate and the future salary increase assumptions based on reasonably possible changes of the assumption occurring at the end of the reporting period, while holding all other assumptions constant:

- If the discount rate is 1% higher (lower), the defined benefit obligation would decrease by Shs 5,331,000 (increase by Shs 5,846,000).
- If the expected rate of salary growth increases (decreases) by 1%, the defined benefit obligation would increase by Shs 6,028,000 (decrease by Shs 5,579,000).

For the above sensitivity analysis, the present value of the defined benefit obligation has been determined using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in the statement of financial position.

25 TRADE AND OTHER PAYABLES

	2025 Shs'000	2024 Shs'000
Trade payables	31,555	45,628
Accrued expenses	122,436	161,003
Payable to out growers	41,687	60,983
Due to related parties (note 27)	8,620	16,473
	204,298	284,087

26 CASH GENERATED FROM OPERATIONS

Profit before taxation	261,543	573,297
Adjustments for:		
Depreciation of property and equipment (note 14)	108,648	120,468
Right of use assets amortisation (note 15)	222	222
Amortisation of intangible assets (note 16)	242	220
Loss on disposal of property, plant and equipment	249	4,961
Fair value adjustments - biological assets (note 18 (a))	(105,426)	(77,576)
Increase in fair value investment in other equities (note 17)	466	870
Movement in unharvested Greenleaf (note 18 (b))	5,159	(9,330)
Decrease due to own use - fire wood and fuel trees (note 18 (a))	28,390	15,811
Interest received on short term deposit (note 10)	(56,318)	(33,021)
Net foreign exchange gains	1,225	(7,696)
Dividend received	-	(196)
Provision for service gratuity	32,774	(6,495)
Changes in working capital items:		
-Decrease/(Increase) in inventories	248,500	(295,613)
-Decrease/(Increase) in trade and other receivables	3,128	(34,099)
-Increase/(decrease) in trade and other payables	(103,476)	139,518
Cash generated from operations	425,326	406,732

Notes (continued)

27 RELATED PARTY TRANSACTIONS

The Company transacts with other companies related to it by virtue of common shareholding. During the year the following transactions were entered into with related parties:

Purchase of goods/services:

	2025 Shs'000	2024 Shs'000
Royalties and licences - George Williamson & Co Limited	87,675	82,514
Central costs recharges - Williamson Tea Kenya Plc	89,389	88,045
ATH spares and machines - Williamson Tea Kenya Plc	24,433	28,484
	<u>201,497</u>	<u>199,043</u>

The outstanding balances with related parties were as follows:

Due from:

Kaimosi Tea Estates Limited	-	40,593
Williamson Tea Kenya Plc-Changoi	77,817	4,633
	<u>77,817</u>	<u>45,226</u>

Due to:

Kaimosi Tea Estates Limited	311	-
Tinderet Tea Estates (1989) Limited	148	-
Williamson Tea Kenya Plc-Head office	8,161	16,474
	<u>8,620</u>	<u>16,474</u>

Terms of the related party balances

The above related party balances arise from normal course of business and are interest free, unsecured and have no fixed repayment terms.

Compensation of Directors and key management personnel

The remuneration of Directors and other members of key management during the period was as follows:

	2025 Shs'000	2024 Shs'000
Directors' emoluments		
Non-executive Directors	15,810	14,530
Executive Directors	306	306
	<u>16,116</u>	<u>14,836</u>
Key management remuneration		
Salaries and other benefits	20,789	18,574
	<u>20,789</u>	<u>18,574</u>

Notes (continued)

27 RELATED PARTY TRANSACTIONS (continued)

The remuneration for Directors and key management is determined by the board members having regard to the performance of individuals and market trends.

28 CONTINGENT LIABILITIES

	2025 Shs'000	2024 Shs'000
Bank guarantees – ABSA Bank Kenya Plc	6,650	6,650

The bank guarantees are issued by ABSA Bank of Kenya Plc in regard to Kenya Power and electricity Company (KPLC). These amounts becoming payable in the event the Bank guarantees are triggered due to a breach of contract.

29 CAPITAL COMMITMENTS

	2025 Shs'000	2024 Shs'000
Authorised and contracted for	78,060	57,016
Authorised but not contracted for	19,355	195
	<u>97,415</u>	<u>57,211</u>

The capital commitments relate to the Company's capital budget for 2025. The Company intends to finance these commitments from internally generated funds, asset financing from the bank and loans from related companies.

30 CAPITAL MANAGEMENT

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

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital, revaluation surplus and revenue reserves.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. The Company did not have any debt outstanding as at 31 March 2025.

	2025 Shs'000	2024 Shs'000
Total equity	2,099,193	2,051,958
Net (debt) / cash:		
Current liabilities	(212,233)	(398,380)
Add: cash and cash equivalents	674,064	588,677
Net cash	461,831	190,297
Total capital and net cash	2,561,024	2,242,255
Net gearing ratio	0	0

Notes (continued)

31 FINANCIAL RISK MANAGEMENT

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

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

The Company has exposure to the following risks due to its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, as well as trade receivables. The credit risk on liquid funds and bank balances is limited because the counter parties are banks with high credit ratings assigned by international credit rating agencies. The Company management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. The Company has policies in place to ensure that sales are made to customers with an appropriate credit history.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12 – month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Company's financial assets, as well as the Company's maximum exposure to credit risk by credit risk rating grades:

Notes (continued)

31 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

31 March 2025

		Internal/ external Note rating	12 months or lifetime ECL	Gross carrying amount Shs'000	Loss allowance Shs'000	Net amount Shs'000
Trade and other receivables		Performing	Lifetime ECL (simplified approach) General measurement	128,803	-	128,803
Staff receivables	20	Performing	model	3,328	-	3,328
Due from related companies	20	Performing	General measurement model	77,817	-	77,817
Short term deposits	21	Performing	12 months ECL	407,959	-	407,959
Bank balances	21	Performing	12 months ECL	266,090	-	266,090
				883,997	-	883,997

31 March 2024

Trade and other receivables		Performing	Lifetime ECL (simplified approach) General measurement	131,969	-	131,969
Staff receivables	20	Performing	model	5,941	-	5,941
Due from related companies	20	Performing	General measurement model	45,226	-	45,226
Short term deposits	21	Performing	12 months ECL	457,462	-	457,462
Bank balances	21	Performing	12 months ECL	131,138	-	131,138
				771,736	-	771,736

Bank balances

Bank balances and bank deposits are not restricted and include deposits held with banks that have high credit ratings. Bank balances and bank deposits are thus considered as performing

Trade and other receivables – days past due							
31 March 2025	Not Due	< 30	31 – 60	61 - 90	91 - 120	> 120	Total
Gross carrying amount -Trade receivables (Shs)	103,555	5,784	-	-	-	-	109,339
Gross carrying amount –Other receivables (Shs)	-	-	-	-	-	478	478
Expected credit Loss allowance (Shs)	-	-	-	-	-	-	-
Net amount	103,555	5,784	-	-	-	478	109,817

Notes (continued)

31 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Bank balances (continued)

31 March 2024	Not Due	< 30	31 – 60	61 - 90	91 - 120	> 120	Total
Gross carrying amount - Trade receivables (Shs)	108,624	-	5	5	-	868	109,502
Gross carrying amount – Other receivables (Shs)	1,759	-	-	-	-	-	1,759
Expected credit Loss allowance (Shs)	-	-	-	-	-	-	-
Net amount	110,383	-	5	5	-	868	111,261

Staff receivables

The Company has applied the general measurement model in the IFRS 9 to measure the loss allowance for staff receivables. The Company has put in place measures to ensure all amounts due from members of staff are recovered over a maximum of 6 years or upon separation, whichever comes earlier. Motor Vehicle purchased is co-owned with the Company and the therefore forms collateral for the loan. The value of other loans granted is capped at 75% of pension saved with the staff provident fund, and therefore the savings form collateral for the loan(s). On this basis, therefore, the Company has not provided for impairment losses. The loss allowance as at 31 March 2024 (on adoption of IFRS 9) was determined as follows for staff receivables:

31 March 2025	Not Due	< 30	31 – 60	61 - 90	91 - 120	> 120	Total
Gross carrying amount - Staff receivables (Shs)	34	-	-	-	-	3,294	3,328
Expected credit Loss allowance (Shs)	-	-	-	-	-	-	-
Net amount	34	-	-	-	-	3,294	3,328

31 March 2024	Not Due	< 30	31 – 60	61 - 90	91 - 120	> 120	Total
Gross carrying amount - Staff receivables (Shs)	754	-	-	-	-	5,187	5,941
Expected credit Loss allowance (Shs)	-	-	-	-	-	-	-
Net amount	754	-	-	-	-	5,187	5,941

Credit risk – Increase/decrease of ECL rate by 10%

If the ECL rates on trade receivables had been 10% higher (lower) as of 31 March 2025, the loss allowance on trade receivables would have been Shs 47,851 higher (lower).

The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings and are fully performing.

Notes (continued)

31 FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the 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 to ensure it has sufficient cash to meet its operational needs.

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

	Up to 1 month Shs'000	1-3 months Shs'000	3-12 months Shs'000	1-5 years Shs'000	Total Shs'000
At 31 March 2025					
Trade payables	31,555	-	-	-	31,555
Due to a related Company	8,620	-	-	-	8,620
Total financial liabilities	40,175	-	-	-	40,175
At 31 March 2024					
Trade payables	45,628	-	-	-	45,628
Due to a related Company	16,474	-	-	-	16,474
Total financial liabilities	62,102	-	-	-	62,102

Market risk

Market Risk is the risk of loss arising from potential adverse changes in the value of the Company assets and liabilities due to fluctuations in market risk factors such as interest rate risk (IRR) and foreign exchange rates (FX risk).

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. In order to manage the foreign exchange risk, the Company deal with the major currency that can withstand market pressures. Exchange rate exposures are also managed within approved policy parameters and hedging. The sensitivity analysis below shows the Company did not have material exposure to foreign exchange risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the end of each reporting period as follows:

Notes (continued)

31 FINANCIAL RISK MANAGEMENT (Continued)

Market risk (continued)

(i) Foreign exchange risk (continued)

	USD Shs'000	GBP Shs'000	Total Shs'000
2025			
Assets			
Bank and cash balances	161,034	2,443	163,477
Trade receivables	109,817	-	109,817
	270,851	2,443	273,294
2024			
Assets			
Bank and cash balances	77,106	22,105	99,211
Trade receivables	111,261	-	111,261
	188,367	22,105	210,472

Foreign exchange risk - appreciation/depreciation of Shs against other currencies by 1%.

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

	2025 Shs'000		2024 Shs'000	
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
Currency - GB pounds				
+ 1 percentage point movement	24	17	21	55
-1 percentage point movement	(24)	(17)	(21)	(55)
Currency - GB pounds				
+ 1 percentage point movement	2,709	1,896	1,884	1,319
-1 percentage point movement	(2,709)	(1,896)	(1,884)	(1,319)

Notes (continued)

31 FINANCIAL RISK MANAGEMENT (Continued)

Market risk (continued)

(ii) Interest rate risk

Interest rate risks arise from fluctuations in the bank borrowing rates. The interest rates vary from time to time depending on the prevailing economic circumstances. The Company closely monitors the interest rate trends to minimize the potential adverse impact of interest rate changes. The Company's policy is to borrow in the same currency as the trading currency to minimise interest rate risk exposure.

The Company did not have any loan balances for the year under review, therefore not susceptible to interest rate risk in this year.

Financial risks arising from involvement in agricultural activity

The Company is exposed to financial risks arising from changes in tea prices. The Company reviews its outlook for tea prices regularly in considering the need for active financial risk management.

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