

AM Henderson & Sons Limited

**Financial statements for the year ended
31 December 2025**

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AM Henderson & Sons Limited

Directors' report for the year ended 31 December 2019

Independent auditors

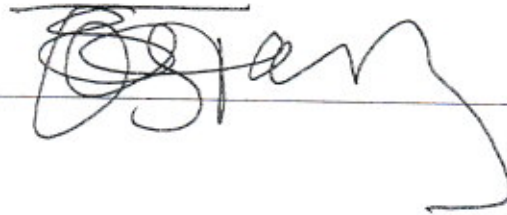
The Company's auditors, Ernst & Young, Chartered Accountants (Malawi), have indicated their willingness to continue in office and a resolution will be proposed at the forthcoming Annual General Meeting to re-appoint them as auditors in respect of the company's financial statements for the year ending 31 December 2026.

By order of the Board

Director



Director



15 May 2026

Statement of Directors' Responsibilities for the year ended 31 December 2025

The Companies Act, 2013 requires directors to prepare financial statements for each financial year which give a true and fair view of the affairs of the company as at the end of the financial period and of the operating results for that period. The directors are responsible for preparing the financial statements in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2013

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

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

Maintenance of proper accounting records that correctly record and explain the transactions of the company;

Selection of suitable accounting policies and applying them consistently;

Making judgements and estimates that are reasonable and prudent;

Compliance with applicable accounting standards, when preparing financial statements, subject to any material departures being disclosed and explained in the financial statements;

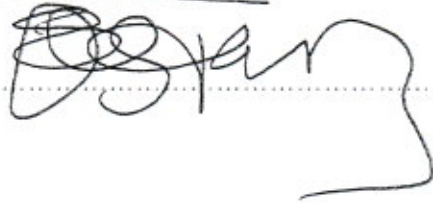
Enable the financial statements to be readily and properly audited; and

Preparation of financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to maintain adequate systems of internal control to prevent and detect fraud and other irregularities.

The directors are of the opinion that the financial statements give a fair view of the state of the financial affairs of the company and of its operating results.

Director: 

Director: 

15 May 2026

Independent auditor's report to the shareholders of AM Henderson & Sons Limited

Opinion

We have audited the financial statements of AM Henderson & Sons Limited set out on pages 5 to 22 which comprises the statement of financial position as at 31 December 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of AM Henderson & Sons Limited as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2013.

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)* (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Malawi. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information consists of the Directors' report and Statement of directors' responsibilities. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2013, 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.



**Shape the future
with confidence**

Auditors' 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 auditors' 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 skepticism 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 auditors' 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 auditors' 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.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the company and its business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company's audit. We remain solely responsible for our audit opinion.

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.

**Chartered Accountants (Malawi)
Monica Lungu
Registered Practicing Accountant**

22 May 2026

AM Henderson & Sons Limited

Statement of financial position as at 31 December 2025

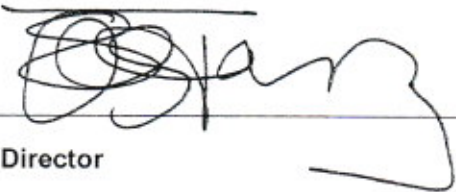
In thousands of Malawi Kwacha

	Note	2025	2024
ASSETS			
Non-current assets			
Property and equipment	6	<u>1,389,081</u>	<u>1,401,118</u>
Current assets			
Current income tax receivable	14	6,800	7,363
Amounts due from related parties	7	4,636	2,497
Cash and cash equivalents	8	<u>9,761</u>	<u>9,909</u>
Total current assets		<u>21,197</u>	<u>19,769</u>
Total assets		<u>1,410,278</u>	<u>1,420,887</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	214	214
Revaluation reserve		967,366	975,725
Retained earnings		<u>26,555</u>	<u>25,335</u>
Total equity		<u>994,135</u>	<u>1,001,274</u>
LIABILITIES			
Long term liabilities			
Deferred taxation	10	<u>414,581</u>	<u>418,164</u>
Current liabilities			
Accounts payable	11	<u>1,562</u>	<u>1,449</u>
Total liabilities		<u>416,143</u>	<u>419,613</u>
Total equity and liabilities		<u>1,410,278</u>	<u>1,420,887</u>

The financial statements were approved by the directors on 15 May 2026 and are signed on their behalf by



Director



Director

AM Henderson & Sons Limited

Statement of profit or loss and other comprehensive income for the year ended 31 December 2025

In thousands of Malawi Kwacha

		2025	2024
	Note		
Revenue	12	5,000	5,000
Administrative expenses	13	(15,159)	(14,928)
Loss before income tax		(10,159)	(9,928)
Income tax expense	14	3,020	2,950
Loss for the year		(7,139)	(6,978)
Total comprehensive loss for the year		(7,139)	(6,978)

AM Henderson & Sons Limited

Statement of changes in equity for the year ended 31 December 2025

In thousands of Malawi Kwacha

	Share capital	Revaluation reserve	Retained earnings	Total
Year ended 31 December 2024				
At the beginning of the year	214	984,084	38,954	1,023,252
Loss for the year	-	-	(6,978)	(6,978)
Transfer of excess depreciation on revaluation	-	(8,359)	8,359	-
	-	-	(15,000)	(15,000)
At 31 December 2024	<u>214</u>	<u>975,725</u>	<u>25,335</u>	<u>1,001,274</u>
Year ended 31 December 2025				
At the beginning of the year	214	975,725	25,335	1,001,274
Loss for the year	-	-	(7,139)	(7,139)
Transfer of excess depreciation on revaluation	-	(8,359)	8,359	-
Dividend paid	-	-	-	-
At 31 December 2025	<u>214</u>	<u>967,366</u>	<u>26,555</u>	<u>994,135</u>

AM Henderson & Sons Limited

Statement of cash flows for the year ended 31 December 2025

In thousands of Malawi Kwacha

	Note	2025	2024
Cash flows from operating activities			
Loss before income tax		(10,159)	(9,928)
Adjustments for:			
Depreciation	6	12,037	12,037
Changes in working capital			
Increase in amounts due from related parties	7	(2,139)	(417)
Increase in trade and other receivables	11	113	236
		(148)	1,928
Dividend paid		-	(15,000)
Income tax paid		-	(80)
Net cash flows utilized in operating activities		(148)	(13,152)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		9,909	23,061
Cash and cash equivalents at end of the year	8	9,761	9,909

1. General information

AM Henderson & Sons Limited (the "Company") incorporated in Malawi, is an asset holding company that owns Chiwale Estate which has been let out on a long-term lease to Makandi. The Company is a 100% owned subsidiary of Makandi Tea & Coffee Estates Limited.

2. Summary of material accounting policies

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

2.1. Basis of Preparation

2.1.1. Compliance with IFRS

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the International Financial Reporting Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS and the requirements of the Companies Act, 2013. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2013.

2.1.2. Historical cost convention

The financial statements have been prepared on a historical cost basis as modified by the revaluation of property at fair value.

2.1.3. Use of estimates and judgements

The preparation of the company's financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.4. Adoption of new and revised International Financial Reporting Standards

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

In the current year, the Company has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee of the International Accounting Standards Board (IFRIC) that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2025.

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the Company.

- Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates-Lack of exchangeability

New and amended standards and Interpretations and standards issued but not yet effective

Below are new standards, amendments to standards and interpretations are issued and their effective dates. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Effective for annual periods beginning on or after	Standard, Amendment or Interpretation
1 January 2026	Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
1 January 2026	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
1 January 2026	Annual Improvements to IFRS Accounting Standards-Volume 11
1 January 2027	IFRS 18 'Presentation and Disclosure in Financial Statements'
1 January 2027	IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

2.2 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or costs. All other foreign exchange gains or losses are presented in profit or loss.

2.3. Property and equipment

Buildings comprise mainly warehouses, staff houses and offices. All property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Buildings	10 to 25 years
Plant & Machinery	3 to 10 years
Motor vehicles	2 to 10 years
Furniture and equipment	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.4. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). Prior impairments of non-financial assets (other than goodwill) that suffered an impairment are reviewed for possible reversal at each reporting date.

2.5. Financial assets

2.6.1. Classification

The Company classifies its financial assets in the loans and receivables category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

2.6.2. Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are initially measured at fair value plus incremental direct transaction costs and are subsequently carried at amortised cost using the effective interest method less allowance for impairment.

2.6. Financial assets (continued)

2.6.3. Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7. Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services provided in the ordinary course of business. If collection is expected in one year or less (and in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.8. Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and

that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

2.9. Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.10. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.11. Current and deferred income tax

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

2.11. Current and deferred income tax (continued)

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets

and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12. Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (and in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.13. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of the obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.14. Revenue recognition

Revenue comprises rental income from property charged to group company for use of company land for macadamia development. Rental income from operating leases is recognised on a straight-line basis over the lease term.

2.15. Interest income

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

2.16. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.17. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared by the Company's directors. Dividends declared after the reporting date are disclosed in the notes to the financial statements.

3. Financial Risk Management

3.1. Financial risk factors

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

Risk management is carried out under policies approved by the Board of Directors ("the Board"). The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity.

a) Market risk

I. Price risk

The Company is not exposed to commodity or equity securities price risks because it had no assets nor obligations that exposed the Company to this risk at the reporting date.

II. Cash flow and fair value interest rate risk

The Company is not exposed to cash flow and fair value interest rate risks because it had no liabilities that exposed the Company to these risks at the reporting date

III. Foreign exchange risk

The Company is not exposed to foreign exchange risk arising from foreign currency exposures as it does not trade internationally. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge the contract. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding trade receivables. Only approved financial institutions with sound capital bases are utilised to invest surplus funds. For customers, management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits are regularly monitored. Sales to retail customers are settled in cash or using bank transfers. There is no independent credit rating system available in Malawi.

3. Financial Risk Management (continued)

3.1. Financial risk factors (continued)

b) Credit risk (continued)

	2025 K'000	2024 K'000
The Company's maximum exposure to credit risk by class of financial asset is as follows:		
Trade and other receivables (excluding prepayments)	4,636	2,497
Cash and cash equivalents	9,761	9,909
	<u>14,397</u>	<u>12,406</u>

The fair value of cash and cash equivalents at 31 December approximates the carrying amount.

There is no significant risk with respect to cash and cash equivalents as the Company holds bank accounts with large financial institutions with sound financial and capital cover.

c) Liquidity risk

Liquidity risk is the risk that the Company may fail to meet its payment obligations when they fall due, the consequences of which may be the failure to meet the obligations to creditors. The Company

Notes to the financial statements for the year ended 31 December 2025

identifies this risk through periodic liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps.

Cash flow forecasting is performed by management. Management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets. Surplus cash held by the Company over and above the balance required for working capital management is invested.

The table below analyses the maturity profile of the Company's assets and liabilities based on the remaining period at 31 December to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2025	Up to 1 month K'000	1 month- 6 months K'000	Total K'000
Assets			
Trade and other receivables (excluding prepayments)	4,636	-	4,636
Cash and cash equivalents	9,761	-	9,761
Total assets	<u>14,397</u>	<u>-</u>	<u>14,397</u>
Liabilities			
Trade and other payables (excluding statutory liabilities)	1,562	-	1,562
Total liabilities	<u>1,562</u>	<u>-</u>	<u>1,562</u>
Liquidity gap	<u>12,835</u>	<u>-</u>	<u>12,835</u>
Cumulative liquidity gap	<u>12,835</u>	<u>12,835</u>	

3. Financial Risk Management (continued)

3.1. Financial risk factors (continued)

c) Liquidity risk (continued)

At 31 December 2024	Up to 1 month K'000	1 month- 6 months K'000	Total K'000
Assets			
Trade and other receivables (excluding prepayments)	2,497	-	2,497
Cash and cash equivalents	9,909	-	9,909
Total assets	<u>12,406</u>	<u>-</u>	<u>12,406</u>
Liabilities			
Trade and other payables (excluding statutory liabilities)	1,449	-	1,449
Total liabilities	<u>1,449</u>	<u>-</u>	<u>1,449</u>
Liquidity gap	<u>10,957</u>	<u>-</u>	<u>10,957</u>
Cumulative liquidity gap	<u>10,957</u>	<u>10,957</u>	

The Company determines ideal weights for maturity time buckets which are used to benchmark the actual maturity profile. Maturity mismatches across the time buckets are managed through borrowings.

3.2. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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 (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December were as follows:

	2025	2024
	K'000	K'000
Total borrowings	-	-
Less: cash and cash equivalents	9,909	9,909
Net debt	9,909	9,909
Total equity	214	214
Total capital	10,123	10,123
Gearing ratio	0%	0%

3.3. Fair Value of Financial Assets and Liabilities

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Quoted market prices – Level

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. This level includes listed equity securities traded on the Malawi Stock Exchange.

Valuation technique using observable inputs - Level 2

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market either directly (that is, as prices) or indirectly (that is, derived from prices).

Valuation technique using significant and unobservable inputs - Level 3

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

The hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

4. Critical Accounting Estimates and Judgements

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

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Income taxes

Significant judgement is required in determining the income tax payable. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact deferred income tax provisions in the period in which such determination will be made.

b) Useful lives of property and equipment

The Company's management determines the estimated useful lives, residual values and related depreciation charges for its property and equipment. This estimate is based on projected economic life of these assets. It could change significantly as a result of technological innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

c) Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in existence for the foreseeable future. However, there are matters noted below which may cast significant doubt on the Company's ability to continue as a going concern and its ability to realise its assets and discharge its liabilities in the normal course of business.

The Company's total revenue comes from land which is let out to its holding Company Makandi Tea & Coffee Estates Limited for commercial farming. The parent Company has planted macadamia on the rented fields.

Considering that a macadamia tree does not begin to produce commercial quantities of seeds until it is 7–10 years old, but once established, may continue bearing for over 50 years, Directors believe that this means the business is guaranteed its going concern over that period and as long as Makandi Tea & Coffee Estates Limited, its parent Company continues to operate. The financial statements of the Parent Company have been prepared on a going concern basis. The Directors also believe that there will be more economic activities on the land which is the main revenue stream of the business thereby stimulating further growth and stability.

Accordingly, the directors believe it is appropriate for the financial statements to be prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

5. Financial Instruments by Category

	2025 K'000	2024 K'000
Assets as per statement of financial position		
Loans and receivables:		
Trade and other receivables (excluding prepayments)	6,800	7,363
Amounts due from related parties	4,636	2,497
Cash and cash equivalents	9,761	9,909
	<u>21,197</u>	<u>19,769</u>

6. Property

	2025 Land and buildings K'000	2024 Land and buildings K'000
Period ended 31 December		
Opening net book amount	1,401,118	1,413,155
Depreciation charge	<u>(12,037)</u>	<u>(12,037)</u>
Closing net book amount	<u>1,389,081</u>	<u>1,401,118</u>
At 31 December		
Cost	1,485,377	1,485,377
Accumulated depreciation	<u>(96,296)</u>	<u>(84,259)</u>
Net book amount	<u>1,389,081</u>	<u>1,401,118</u>

The properties were revalued as at 31 December 2017 on behalf of directors by Charles Chifamba, MRICS, a qualified valuer of Interval Services (Proprietary) Limited based in Botswana. The basis of valuation was market value assuming continuing present usage. In the opinion of directors, these amounts approximate the fair value of property, plant and equipment at the reporting date.

7. Related Party Balances and Transactions

AM Henderson & Sons Limited is a wholly owned subsidiary of Makandi Tea & Coffee Estates Limited and is incorporated in Malawi.

The following transactions were carried out with related parties:

	2025 K'000	2024 K'000
Service to the Group Companies		
Makandi Tea & Coffee Estates Limited	<u>5,000</u>	<u>5,000</u>

The services with the related parties are supplied on terms and conditions similar to those offered to third party customers and are primarily denominated in the functional currency.

The following year end balances arose from transactions

Makandi Tea & Coffee Estates Limited	<u>4,636</u>	<u>2,497</u>
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Balances are interest-free and unsecured with no agreed and formalised terms.

8. Cash and cash equivalents

	2025 K'000	2024 K'000
Cash and bank	<u>9,761</u>	<u>9,909</u>

9. Share capital

Authorised		
125,000 Ordinary shares of K2.00 each	<u>250</u>	<u>250</u>
Issued and fully paid		
106,780 Ordinary shares of K2.00 each	<u>214</u>	<u>214</u>

10. Deferred tax

	Statement of financial position		Statement of profit or loss	
	2025	2024	2025	2024
	K'000	K'000	K'000	K'000
Revaluation surplus	414,581	418,164	(3,583)	(3,583)

A deferred tax asset is only recognised where there is a reasonable expectation of the asset being realised in line with accounting policy on Note 2.11.

11. Trade and other payables

	2025	2024
	K'000	K'000
Accruals (Audit fees)	1,562	1,449

Trade and other payables are due within twelve months from the reporting date.

12. Revenue

Land rent receivable	5,000	5,000
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13. Administrative expenses

Auditor's remuneration	2,508	2,273
Accountancy	466	466
Bank charges	148	152
Depreciation (note 6)	12 037	12 037
	15 159	14,928

14. Taxation**Income tax expense**

	2025 K'000	2024 K'000
Current income tax charge	(563)	(633)
Deferred tax credit	3,583	3,583
	<u>3,020</u>	<u>2,950</u>

Reconciliation of tax charge

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the basic tax rate applicable to the profits as follows:

Loss before income tax	(10,159)	(9,928)
Tax calculated at 30% (2024: 30%)	3,048	2,978
Other differences	(28)	(28)
	<u>3,020</u>	<u>2,950</u>

Movement on income tax asset

Balance at the beginning of the year	7,363	7,916
Withholding Taxes paid	-	80
Current year charge	(563)	(633)
	<u>6,800</u>	<u>7,363</u>

15. Commitments and Contingencies

The Company had no commitments or contingencies at the year-end (December 2024: Nil).

16. Events After the Reporting Date

On 5 March 2026, the Monetary Policy Committee reduced the Policy Rate by 200 basis points from 26% to 24% and inflation as of March 2026 dropped to 23.8%. These changes will impact results for the year ending 31 December 2026.