

1. MATERIAL ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied presented, unless otherwise stated.

1.1 Basis of Preparation

1.1.1 Compliance with Ind AS

These financial statements comply in all material aspects of Ind AS (Indian Accounting Standards) effective till date.

1.1.2 Classification of current and non-current

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Ind AS. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

1.1.3 Historical Cost Convention

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention, except for the following:

- i) certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- ii) Certain biological assets (including unplucked green leaves) – measured at fair value less cost to sell.
- iii) Gratuity liability is measured at fair value on basis of actuarial valuation.

1.2 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting.

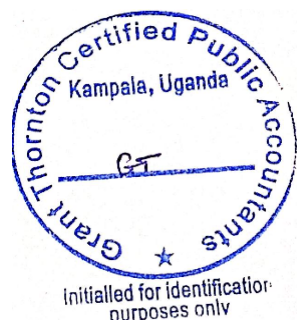
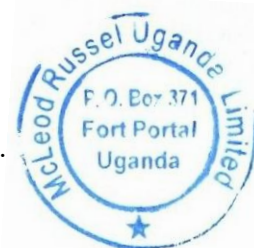
1.3 Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign Currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of the transactions.

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of balance sheet.
- Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and



- All resulting exchange differences are recognised in “Foreign Currency Translation Reserve” under “Reserve and Surplus”.

1.4 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of tea claim and are net of sales return, value added tax, trade allowances and amount collected on behalf of third parties.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognized as follows:

Revenue from the export of made tea for auction is recognized when confirmation of sale is received from the tea broker, or in the case of direct sales, when the tea is loaded on the vessel and bill of lading issued.

1.5 Government Grants

Not applicable

1.6 Accounting for Taxes on Income

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

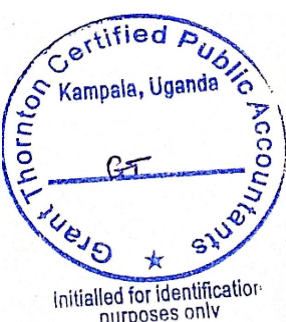
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets/liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary and associate where in case of assets it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary differences can be utilised and in case of liabilities the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation



authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred 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.

1.7 Cash and Cash Equivalents

Refer to note 1.11(E).

1.8 Trade Receivables

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

1.9 Inventories

Raw materials including harvested tea leaves, produced from own gardens are measured at lower of cost and net realisable value. Cost being the fair value less cost to sell at the point of harvest of tea leaves.

Raw materials of purchased tea leaves, Stores and Spare parts and Finished Goods are stated at lower of cost and net realisable value. Cost of Finished Goods comprise direct material, direct labour and appropriate portion of variable and fixed overhead expenditure. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1.10 Biological Assets

Tea leaves growing on tea bushes (i.e. unharvested leaf) are measured at fair value less cost to sell with changes in fair value recognised in profit and loss statement.

1.11 Financial Instruments (Erstwhile 'Investments and Other Financial Assets):

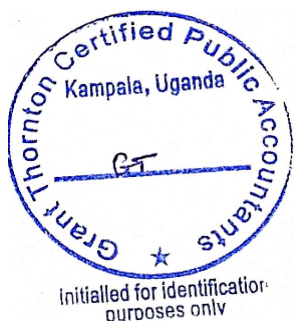
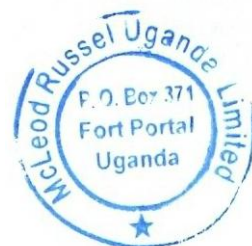
Financial assets and financial liabilities (financial instruments) are recognised when the Company becomes a party to the contractual provisions of the instruments. The Company determines the classification of its financial assets and financial liabilities at initial recognition based on its nature and characteristics.

The Company categorizes financial assets and financial liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed for such measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable, either directly or indirectly for the asset or liability.

Level 3: Inputs for the asset or liability which are not based on observable market data (unobservable inputs).



The financial assets and financial liabilities are classified as current if they are expected to be realised or settled within operating cycle of the group or otherwise these are classified as non-current.

The classification of financial instruments whether to be measured at Amortized Cost, at Fair Value Through Profit and Loss (FVTPL) or at Fair Value through Other Comprehensive Income (FVTOCI) depends on the objective and contractual terms to which they relate. Classification of financial instruments are determined on initial recognition.

A. Financial Assets

Initial Recognition and measurement

The financial assets include investments, trade receivable, loans and advances, cash and cash equivalents, bank balances other than cash and cash equivalents, derivative financial instruments and other financial assets.

Financial assets are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or are deducted from the fair value of the financial assets as appropriate in initial recognition. However, trade receivable that do not contain a significant financing component are measured at transaction price.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- (i) at amortised cost,
- (ii) at fair value through other comprehensive income (FVTOCI), and
- (iii) at fair value through profit or loss (FVTPL).

Financial Assets at amortised cost

A 'financial Asset' is measured at the amortised cost if the following two conditions are met:

- (i) The asset is held within a business whose objective is to hold these assets in order to collect contractual cash flows and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Asset at Fair Value through Other Comprehensive Income (FVTOCI)

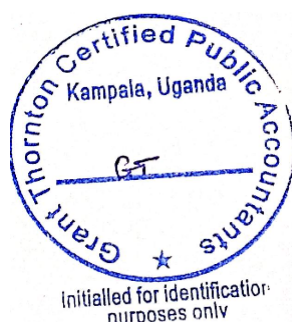
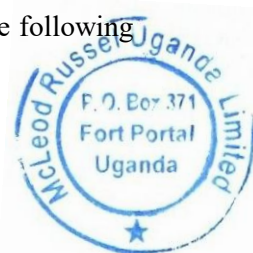
Financial assets are measured at fair value through other comprehensive income if these financial assets are held both for collection of contractual cash flows and for selling the financial assets, and contractual terms of the financial asset give rise to cash flows representing solely payments of principal and interest.

Financial Assets at Fair value through profit or loss (FVTPL)

Financial Assets which do not meet the criteria of amortised cost or fair value through other comprehensive income are classified as Fair Value through Profit or loss. These are recognised at fair value and changes therein are recognized in the profit and loss statement.

Equity Instruments

Equity instruments in the Scope of Ind AS 109 are measured at FVTPL.



The Company makes an election to present changes in fair value through other comprehensive income or through profit or loss on instrument-by instrument basis. The classification is made on initial recognition and is irrevocable.

In case the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. In addition, profit or loss arising on sale is taken to other comprehensive income. The amount accumulated in this respect is transferred within the Equity on derecognition.

Derecognition

The Company derecognizes a financial asset or a group of financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

B. Financial Liabilities

Initial Recognition and measurement

The financial liabilities include trade and other payables, loan and borrowings including book overdraft, derivative financial instruments and other financial liabilities.

Financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or are deducted from the fair value of the financial liabilities as appropriate in initial recognition.

Subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified in the following categories:

- (i) at amortised cost, and
- (ii) at fair value through profit or loss (FVTPL).

Financial Liabilities at amortised cost

After initial recognition, financial liabilities are measured at amortized cost using Effective Interest Rate (EIR) method. When the financial liabilities are derecognised, gain or losses are recognised in the profit and loss statement. Discount or premium on acquisition and other fees or costs forms an integral part of the EIR.

Financial Liabilities at Fair value through profit or loss (FVTPL)

Financial Liabilities which do not meet the criteria of amortised cost are classified as Fair Value through Profit or loss. These are recognised at fair value and changes therein are recognized in the profit and loss statement.

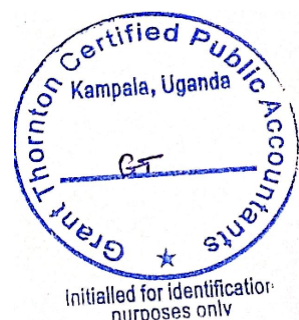
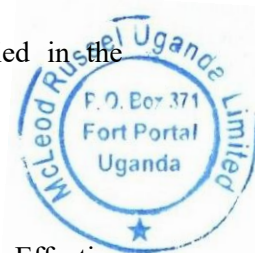
Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

C. Derivative and Hedge Accounting

Initial Recognition and Subsequent measurement

The Company on entering into derivative financial instruments such as foreign exchange forward, swap and option contracts to mitigate the risk of changes in foreign exchange rates in respect of financial instruments and forecasted cash flows denominated in certain foreign currencies, uses hedging instruments which provide principles on the use of such financial derivatives consistent with the risk management strategy of the group. The hedge



instruments are designated and documented as hedges and effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis.

Any derivative that is either not designated as a hedge or is so designated but is ineffective as per Ind AS 109 "Financial Instruments", is categorized as a financial asset/ financial liability, at fair value through profit or loss. Transaction costs attributable are also recognized in the profit and loss statement. Changes in the fair value of the derivative hedging instrument designated as a fair value hedge are recognized in the profit and loss statement.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity as cash flow hedging reserve to the extent that the hedge is effective.

Hedging instrument which no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity remains therein till that time and thereafter to the extent hedge accounting being discontinued is recognised in the profit and loss statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the profit and loss statement.

D. Offsetting financial instruments

Financial assets and liabilities including derivative financial instruments are offset and the net amount is reported in the balance sheet where 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

E. Cash and cash equivalents

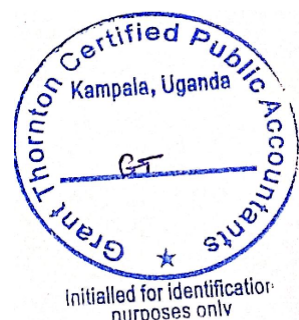
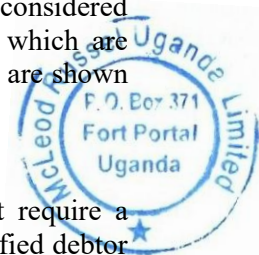
All highly liquid financial instruments, which are readily convertible into determinable amounts of cash and which are subject to an insignificant risk of change in value and are having original maturities of three months or less from the date of purchase, are considered as cash equivalents. Cash and cash equivalents includes balances with banks which are unrestricted for withdrawal and usage including bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

F. Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

G. Impairment of financial assets

A financial asset is assessed for impairment at each balance sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. The group recognises loss



allowances using the Expected Credit Loss ("ECL") model for financial assets measured at amortised cost.

The Company recognises lifetime expected credit losses for trade receivables. Loss allowance equal to the lifetime expected credit losses are recognised if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

1.12 Property, Plant and Equipment

Property, plant and equipment are stated at cost of acquisition, construction and subsequent improvements thereto less accumulated depreciation and impairment losses, if any. For this purpose cost includes deemed cost which represents the carrying value of PPE (including Revaluation thereon) as at 1st April 2015 as per previous generally accepted accounting principles (Previous GAAP) and comprises purchase price of assets or its construction cost including inward freight, duties and taxes (net of input tax credit availed) and other expenses related to acquisition or installation and any cost directly attributable to bringing the assets into the location and condition necessary for it to be capable of operating in the manner intended for its use.

Parts of an item of PPE having different useful lives and material value and subsequent expenditure on PPE arising on account of capital improvement or other factors are accounted for as separate components.

The cost of replacing part of an item of PPE is recognised and added to the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of PPE are recognised in the profit and loss statement when incurred. Assets to be disposed of are reported at the lower of the carrying value or the fair value less cost to sell.

Bearer plants comprising of matured tea bushes are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

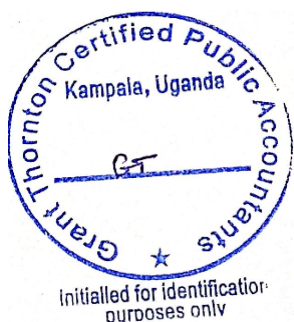
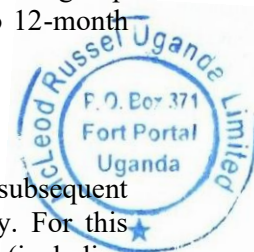
Immature bearer plants, including the cost incurred for procurement of new seeds and maintenance of nurseries are carried at cost less impairment losses and recognised under capital work-in-progress. Cost includes the cost of land preparation, new planting and maintenance of newly planted bushes until maturity. On maturity, these costs are classified under bearer plants. Bearer Plants are depreciated from the date when they are ready for commercial harvest.

The Company's leased assets comprise of land and building and these have been separately shown/disclosed under PPE as Right of Use (ROU) Assets.

Costs incurred for infilling are generally recognized in the profit and loss statement.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/expenses.

Capital work in progress includes nurseries, young tea under plantation, equipments to be installed, construction and erection costs and other costs incurred in relation thereto or attributable to the same. Such costs are added to the related items of PPE and are classified to the appropriate categories when completed and ready for its intended use.



Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values on the basis of useful lives.

Nature of assets	Useful life
Buildings	50 years
Bearer plant – tea bushes	50 years
Bearer plant – forests	20 to 33 years
Plant and machinery	5 to 20 years
Fixtures & Fixture	3 to 5 years
Vehicles	4 years
Computers	3 to 5 years
Motor vehicles	4 years

Land is not depreciated.

Bearer Plants are depreciated from the date when they are ready for commercial harvest. Immature bearer plants (i.e. young tea) are treated as Capital Work in Progress.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 profit or loss within other gains/(losses).

1.13 Intangible Assets

1.13.1 Trademark

Not Applicable

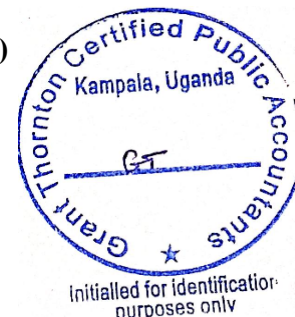
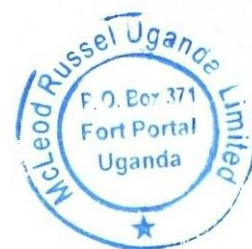
1.13.2 Computer software

Computer software are stated at acquisition cost net of accumulated amortization and accumulated impairment losses, if any. An impairment loss is recognized whenever the carrying amount of the computer software of a cash generating unit exceeds its net selling price or value in use, whichever is higher.

1.13.3 Amortisation methods and periods

The Company amortizes intangible assets with a finite useful life using the straight- line method over the following periods

Nature of assets	Range of Life (Years)
Trademark	Not Applicable
Computer Software	5 years



1.14 Leases

The Company's lease asset classes primarily consist of leases for Land. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

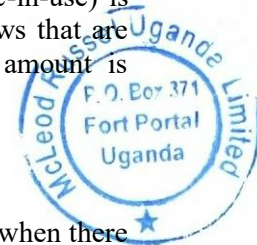
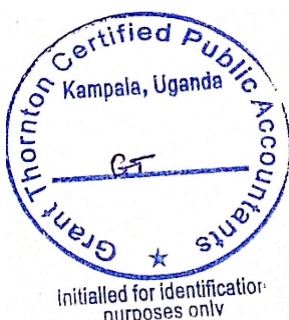
The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing cash flows. Lease liability obligations is presented separately under the head "Borrowings".

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

1.15 Provision, Contingent Liabilities and Contingent Assets, legal or constructive

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market



assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are not recognised and disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

When there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

Contingent Assets are not recognised but are disclosed when an inflow of economic benefits is probable.

1.16 Employee Benefits

1.16.1 Short-term Employee Benefits

Short term employee benefits are recognised as an expense in the profit and loss statement in the year in which services are rendered.

1.16.2 Long-term Employee Benefits (Unfunded)

(i) Retirement benefit obligations:

The Company and all its employees contribute to the National Social Security Fund, which is a defined contribution retirement benefits scheme. A defined contribution scheme is a retirement benefits scheme under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company's contributions to the defined contribution retirement benefits scheme are charged to the profit and loss statement in the year to which they relate.

(ii) Other entitlements:

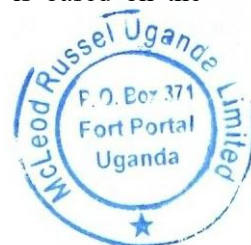
The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is recognized as an expense accrual.

(iii) Staff gratuity:

The Company's terms and conditions of employment provide for a gratuity to its employees. The gratuity is payable after completion of five years' service upon resignation, retirement or termination and on condition that the employee leaves honourably. The gratuity is calculated at twenty working days per year of service for employees with five to ten years' service and thirty working days per year of service for those with more than ten years' service. The provision takes account of service rendered by employees up to the balance sheet date and is based on the actuarial valuation.

1.16.3 Post-employment Benefit Plans

Not Applicable



1.16.4 Bonus plans

The Company recognizes a liability and an expense for bonuses. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1.17 Impairment of non-financial assets

Assets are tested 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 on an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.18 Research and Development

Revenue expenditure on Research and Development is recognised as a charge in the profit and loss statement. Capital expenditure on assets acquired for Research and Development is added to Property, Plant and Equipment, if any.

1.19 Use of Estimates

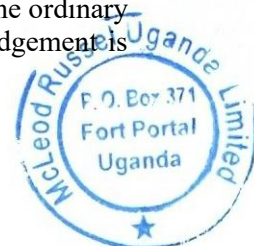
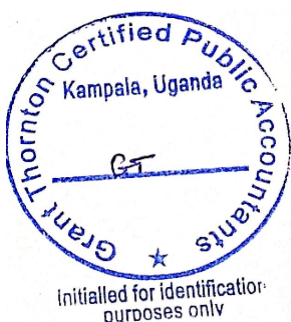
The preparation of financial statements in conformity with the generally accepted accounting principles in India requires the management to make estimates and assumptions that affects the reported amount of assets and liabilities as at the balance sheet date, the reported amount of revenue and expenses for the periods and disclosure of contingent liabilities at the balance sheet date. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of financial statements. Actual results could differ from estimates.

The preparation of the financial statements require the use of accounting estimates which, by definition, will seldom equal the actual result. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements. The areas involving critical estimates and judgements are:

i) Taxation:

The Company is engaged in agricultural activities and also subject to tax liability under MAT provisions in case of parent entity. Significant judgement is involved in determining the tax liability for the Company. Also, there are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Further judgement is involved in determining the deferred tax position on the balance sheet date.



ii) Depreciation and amortisation:

Depreciation and amortisation are based on management estimates of the future useful lives of the property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

iii) Provisions and Contingencies:

Provisions and contingencies are based on management's best estimate of the liabilities based on the facts known at the balance sheet date.

iv) Fair Value of Biological Assets:

The fair value of Biological Assets is determined based on recent transactions entered into with third parties or available market price.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the parent entity and that are believed to be reasonable under the circumstances.

v) Defined employee benefit obligation:

In case of MRUL, gratuity is applicable. Gratuity is accounted on basis of actuarial valuation. Actuarial valuation involves a number of assumptions.

vi) Impairment loss on trade- receivables:

Accounting of impairment loss in trade- receivables is based on credit worthiness, historical – experiences and aging.

1.20 Borrowing costs

Interest and other borrowing costs are charged to profit and loss statement. However, in case of qualifying projects, such costs would be capitalized.

1.21 Goodwill

Not applicable

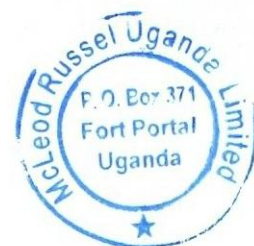
1.22 Significant changes in Accounting Policies (if any): Not Applicable

<u>Subject</u>	<u>Policy in last year</u>	<u>Policy in current year</u> (Highlight the change)	<u>Financial Impact</u> (If quantifiable)
----------------	----------------------------	---	--

38. Scope of Consolidation: Not Applicable

The consolidated financial statements for the year comprise the financial statements of the Parent Company, and its subsidiary companies as detailed below:-

Name of Company	Country of Incorporation	Proportion of ownership by Holding Company	Reporting Date of Subsidiary



39. Detail of Employee Benefits:

39.1 Post Employment Defined Contribution Plans:

Refer to 1.16.2 above for the description.

The charge to the profit and loss statement relating to contributions to the National Social Security Fund was US\$ 1,402 million (2024: US\$ 1,604 million).

39.2 Post Employment Defined Benefit Plans:

Not applicable

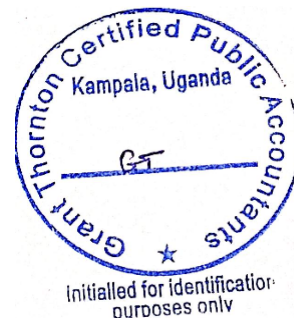
40. Contingent Liabilities:

i) Claims not acknowledged as debts:

The Company is a defendant in various legal actions arising in the normal course of business. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss. Total claims at the year-end amounted to US\$ 531.372 million (2024: US\$ – 538.772 million).

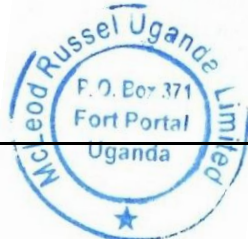
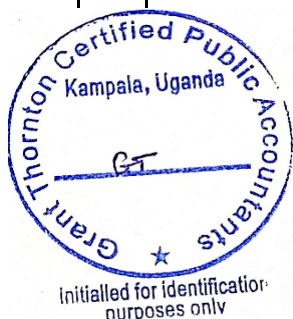
Pending court cases and corresponding plaintiff claims against MRUL

	Plaintiff	Ref.	Court	Description	Claim (US\$)	Status
1	Joseph Agondoa	56/2004	Fort Portal High Court	Lodged in 2004 by a former employee for wrongful dismissal.	41,260,344	Due for judgement at a date not yet communicated; it is a dormant case.
2	Daniel Tibagwa	70/2004	Masindi Chief Mag.	Was a Shift Supervisor at Bugambe and involved in a Made Tea Theft Case. Filed a case for wrongful arrest. Court dismissed his case with costs. In attempt to evade execution, he filed an application to set aside Judgement.	No outflow is expected	A hearing was setup in 2013 with adjournment happening without the hearing taking place. It was finally heard on 29 th Jan 2014; judgement initially scheduled for 7 th May 2014 has not been delivered to-date.
3	Hoima District Local Government	CS-041 / 2013	Masindi High Court	District Local Government sued MRUL for non-payment of Cess by Bugambe Tea Estate since 2010. The Case filed as a summary procedure; it did not warrant fully-fledged hearing. An application was filed, by MRUL, which convinced the judge to allow a hearing.	137,420,000	Before the 1st hearing took place, the Minister of Local Government issued communication withdrawing the law on payment of Cess on Produce. A ruling was granted in favour of the defendant (MRUL) on 6 th May 2014 at the high Court in Masindi. Still waiting for the plaintiff's action.
4	Doreen Muhairwe Komukyeya	CS-311/2014	Kampala High Court – Land Division	A Niece to King Solomon Iguru of Bunyoro claimed hereditary share of late father, 230.5 acres part of Bugambe T.E. After privatization from Government ownership, King Solomon's share was paid	Amount cannot be estimated	Defence was filed in Court providing proof of ownership by King Solomon and evidence of settlement to him. Plaintiff advised to settle her hereditary disputes with her uncle. This matter was still being heard and



McLeod Russel Uganda Limited
Notes to the Financial Statements (Contd.)
For the year ended 31st December 2025

				out by RHTC. Plaintiff claimed the 340.5 acres plus earnings from the same since 2003.		a notice to produce documents was served on the 3 rd Defendant by the plaintiff on 6 th Feb 2015. The said documents were provided by 3 rd Defendant. Thereafter, the plaintiff has not taken any further step to ensure the case is sent for mediation or is fixed for scheduling or hearing, to date.
5	Agolei	Civil Suit No. 41 of 2023	In The Chief Magistrate's Court Of Kagadi Holden At Kagadi	The Plaintiff claims the Defendant cut the power line supplying his Grinding mill leading to loss in income. Previously he had sued Muzizi T. E. and the case was dismissed. Now he has sued MRUL.	Amount cannot be estimated	Previously he had sued Muzizi T. E. and the case was dismissed. Now he has sued MRUL Personnel Officer Muzizi Attended Court on 14th September 2023 - Court resolved that; MRUL avail Witness Statement(s) of the case to Court latest by 21st September 2023 which was submitted Judgement was delivered on 24th June 2024 in favour of the plaintiff. Appeal to Hoima High Court has been made by MRUL. On 6th July 2025, the appellant should do formal submission. By 16th July 2025, the respondent should file his submission. By 23rd July 2025, a rejoinder should be submitted. And 9th September 2025, a Judgement will be read. It is not yet concluded.
6	Kabanyoro Christine	Civil Suit No. 47 of 2020.	Masindi High Court	The Claimant filed a suit against the company claiming general damages for unlawful termination and defamation.	No outflow is expected	The company filed a written statement of defence. Lawyer, PO Bugambe and Security Officer (Eric) attended court on 10th May 2023. Adjourned to 16th June for mention and decide on judgement day. Judgement date 17/1/2025. Judgement passed in MRUL favour with costs.
7	Kategaya James	Civil Suit No. 81 of 2021.	Fort Portal Chief Magistrates Court	The Claimant filed a suit against the Company claiming compensation.	Amount cannot be estimated	The company filed a defence through Kaahwa, Kafuuzi, Bwiruka & Co. Advocates and the case is dismissed with cost but the Plaintiff disappeared. EM Kiko was informed to alert the Lawyer immediately the plaintiff is seen.



McLeod Russel Uganda Limited
Notes to the Financial Statements (Contd.)
For the year ended 31st December 2025

8	Departed Asians property Custodian Board and Chris Rugari Vs MRUL, Borelli Tea Holdings Limited MRIL & the Registrar of Titles	Civil Suit No. 825 of 2019		The first plaintiff alleges that it was unaware that through fraud it had been deprived of the land in dispute; LRV599 Folio 12 until it allocated it to the second plaintiff. The land is in the possession of McLeod Russel. The Plaintiffs seek recovery of the land, reversal of all entries on the land valued at Uganda Shillings Four Billion five hundred fifteen thousand (US\$ 4,515,000,000) cancellation of the entry of the first defendant as proprietor of the land and substitution thereof of the first plaintiff. The first claim is that he is allocatee of the land and as such is entitled to quiet and vacant possession, mesne profits and general damages.	300,000,000	The matter came up for mediation on 20th January 2020, but the mediator was not present. It was adjourned to 31st January 2020, but on that date the opposing counsel was not present. The court is to communicate the next available date for mediation. The matter has high chances of success because McLeod Russel is the lawful owner of the property having purchased the land legally from the original owner. It is difficult to project the figure that McLeod Russel would have to pay in the event that the matter is lost since the plaintiffs mainly seek restoration of the land. But the second plaintiff also seeks mesne profits (profits received by a party in wrongful possession and recoverable by the rightful owner), general damages, and the Defendant would also have to pay costs of the suits. Therefore, a rough estimate of the potential loss in the event of the suit is lost could be anywhere from US\$ 50 million to 300 million.
9	Mwesige Christopher	KJJ – 00 – CV – CS – 51 of 2018	Kyenjojo Magistrates Court	The above person sued the company claiming special and general damages for conversion of Greenleaf tea and loss occasioned.	Amount cannot be estimated	The company filed a defence, and Court is yet to determine whether the company is liable or not. Plaintiff lost interest in the case.
10	Mirimo Charles	Labour Dispute Claim No. 246 of 2018 Arising From Labour Dispute No. 091/2017/2018.	Industrial Court	The Complainant filed a labour claim against the company and the Industrial Court awarded the claimant US\$ 52,691,667=. The Industrial Court made an award against the company on 5th day of June 2020.	52,691,667	The Company being dissatisfied with the award, a decision and orders of the Industrial Court filed a Notice of Appeal in the Industrial Court for an appeal to the Court of Appeal of Uganda against the whole award, decision and orders. Appeal taken over by Katende, Ssempebwa & Co Advocates.
	Total				531,372,011	

ii) Guarantees given on behalf of other companies to banks etc. and year-end utilisation: Not applicable

iii) Bank Guarantees Outstanding: Not applicable

- iv) Any other (please specify): The Company have been issued with few assessment orders from Uganda Revenue Authority (URA) at different times for past years amounting to US\$ 3,524,966,341. The Company have already filed an appeal/application against all of them and all those matters are still undergoing mediation/mentions/hearing.

41. Advances include:

- (a) Loan to directors at year-end: Not applicable. There were no advances to directors at year end.
(b) Maximum amount of loan to directors: (i) Date (ii) Amount: Not applicable

42. Assets of the Company charged against Loan/Guarantee availed by Group companies (including subsidiaries): NIL

43. Capital Commitment & Advances:

- (a) Estimated Capital commitments on account of purchase orders / contracts: 2025 – Nil (2024 – US\$ 443,110,541/-).
(b) Advance against such capital commitments (Amount): 2025 Nil (2024 US\$ 209,500,862/-).

44. Revenue Expenditure on Research and Development: Not applicable

45. Related parties:

(A) List of Related Parties

- (a) Borelli Tea Holdings Limited (Holding Company)
(b) McLeod Russel Middle East DMCC (Subsidiary of Borelli Tea Holdings Limited)
(c) McLeod Russel India Limited (Holding company for Borelli Tea Holding Limited)
(d) McLeod Russel Africa Limited (Subsidiary of Borelli Tea Holdings Limited)

Key Management Personnel

Managing Director Nil
Wholetime Directors Nil

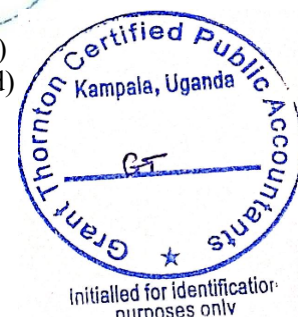
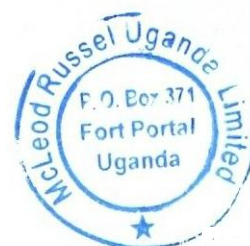
Relatives of Key Management Personnel with whom transactions took place during the year - Nil.

(B) Transactions / Balances with Key Management Personnel

Particulars	Remuneration for the period		Loans Outstanding at year end	
	2025 (US\$'000)	2024 (US\$'000)	2025 (US\$'000)	2024 (US\$'000)
	340,571	334,971	Nil	Nil

(C) i) Transactions with relatives of Key Management Personnel: Nil (2024 – Nil)

ii) Balances with relatives of Key Management Personnel: Nil (2024 – Nil)



McLeod Russel Uganda Limited
Notes to the Financial Statements (Contd.)
For the year ended 31st December 2025

(D) i) Transactions with Holding Co./Subsidiary

Name of Holding co./ Subsidiary	Nature of Transactions/ Balances	Schedule	2025 (US\$'000)	2024 (US\$'000)
McLeod Russel Middle East	Sales during the year	28	485,852	346,249
McLeod Russel Africa Limited	Sales during the year	28	-	99,427
McLeod Russel Africa Limited	Interest receivable on delayed payment	29	-	7,099
Borelli Tea Holdings Limited	Interest income for the year	29	1,777,976	1,858,204

(ii) Balances with Holding Co. / Subsidiary:

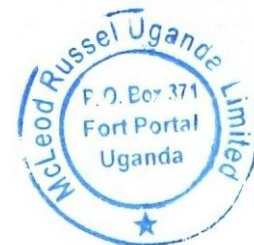
Name of Holding co./ Subsidiary	Nature of Transactions/ Balances	Schedule	2025 (US\$'000)	2024 (US\$'000)
McLeod Russel Middle East	Balance Receivable	11	7,150	118,238
McLeod Russel Africa Limited	Balance payable	25	(2,859)	(2,899)
Borelli Tea Holdings Limited	Loan Balance	6	25,303,629	25,656,927
Borelli Tea Holdings Limited	Interest receivable	7	17,042,754	15,484,726

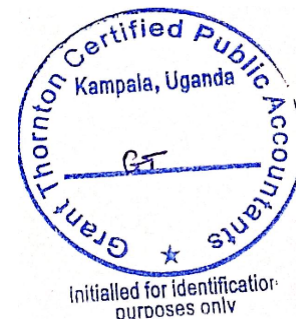
46. Quantitative details of Tea

		2025 (Kgs)	2024 (Kgs)
Opening Stock	(A)	2,368,598	2,729,002
Add: Production			
Gross production		15,337,513	15,735,444
Less: Unsaleable including Tea Waste		(35,186)	(33,888)
Saleable Production	(B)	15,302,327	15,701,556
Add: Purchases (Net of return)	(C)		
Less: Sales (Net of return)	(D)	15,000,546	16,061,960
Closing Stock (A+B+C+D)	(E)	2,670,379	2,368,598
Value of Opening Stock (US\$ '000)	(F)	6,957,878	7,660,564
Average value of Opening stock (Amount/Kg) (F/A)	(G)	2.94	2.81
Value of Sales (US\$ '000)	(H)	53,748,256	48,626,368
Average Selling price (Amount/Kg) (H/D)	(I)	3.58	3.03
Value of Closing Stock (US\$ '000)	(J)	8,203,295	6,957,878
Average value of Closing stock (Amount /Kg) (J/E)	(K)	3.07	2.94

47. Quantitative detail of Green Leaf Consumed

	2025	2024
Plucked from own Plantation (Quantity in Kg)	36,863,924	42,671,193
Purchased – Quantity (Kgs)	27,373,727	22,485,924
– Cost (US\$ '000)	10,113,878	5,500,527
Average Cost per Kg (US\$)	369	245





48. Derivative Instruments and Unhedged Foreign Currency Exposure:

a) Derivatives outstanding as at the reporting date:-

Particulars	Purpose	Name of Foreign Currency	31 st December 2025	31 st December 2024
			Amount in USD	Amount in USD
Forward Contracts	Hedging of foreign currency receivables	USD	NIL	NIL
Currency swap for loan-principal	Shifting repayment-obligation to another currency	-do-	NIL	NIL
Interest-rate swap	Hedging of floating interest-rate	-do-	NIL	NIL
Any other (Specify)			NIL	NIL

b) Particulars of Unhedged Foreign Currency Exposures as at the reporting date:-

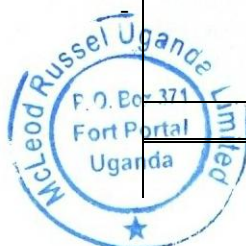
Particulars	Purpose	Name of Foreign Currency	31 st Dec 2025	31 st Dec 2024
			Amount in USD	Amount in USD
Financial Assets:-				
Investments				
Loans Given	BTHL, SLU	USD	13,907,472	13,313,955
Trade Receivables	Sales and other advances	USD	133,551	291,974
Cash & Bank Balances		USD	6,737	103,758
Others (Please Specify)				
Financial Liabilities:-				
Borrowings	Bank Overdraft & Term loan	USD	11,396,577	13,131,447
Trade Payable	Purchases and other services	USD	382,860	395,221
Others (Please Specify)				

c) Mark to market Losses Provided for

Particulars	Purpose and Detail	31 st December 2025	31 st December 2024
		Amount	Amount
		NIL	

49. Assets pledged /hypothecated/mortgaged as security

Particulars	31 st December 2025	31 st December 2024
	Amount in UShs '000	Amount in UShs '000
Current Assets:		
Financial Assets		
Trade Receivables	316,413	1,429,520
Cash and Cash Equivalents	185,703	576,002
Loans	-	2,969,138
Current Tax Assets (Net)	6,666,464	6,666,464
Other Financial Assets (Interest accrued on advance)	35,589	1,891,863
Sub Total	7,204,169	10,563,849



McLeod Russel Uganda Limited
Notes to the Financial Statements (Contd.)
For the year ended 31st December 2025

Non-financial Assets		
Inventories	15,838,187	14,862,890
Biological Assets	463,381	321,498
Other Current Assets (Refer Note 14)	2,624,899	3,924,332
Sub Total	18,926,466	19,108,720
Total Current assets pledged as security (a)	26,130,636	29,672,569
Non-current Assets		
Property, Plant and Equipment	65,375,196	69,643,639
Capital Work-in-Progress	1,903,697	2,010,698
Other Non-Current Assets (Loans and accrued interest on the loans)	43,646,770	41,977,837
(b)	110,925,664	113,632,173
Total Assets pledged as security (a+b)	137,056,299	143,304,743

50. Contractual obligation of payment of Principal and Interest on Long-term borrowings:-

Amount In US\$'000

	Upto 1 year	Between 1 & 2 years	Between 2 & 5 years	Beyond 5 years	Total Amount
Instalments of Loans	7,388,077	6,939,259	15,523,061	11,967,383	41,817,779
Interest	3,621,756	2,941,207	5,076,137	5,116,060	16,755,160

51. Borrowings at Floating Interest-rate:

	Description of the Floating Interest Rate	Amount of Borrowings at Floating Interest Rate	
		31 st December 2025	31 st December 2024
		Amount in US\$ '000	Amount in US\$ '000
Long-term borrowings			
Absa (Former Barclays Bank)	3 months SOFR plus a base rate of 4.8%	24,123,985	30,576,015
Short-term borrowings (Overdraft)			
Absa (Former Barclays Bank)	3 months SOFR plus a base rate 4.80%	10,430,106	10,901,067
Stanbic Bank (U) Limited	8.50%	6,698,444	6,718,877

52. Maturity Analysis of Financial Liabilities:-

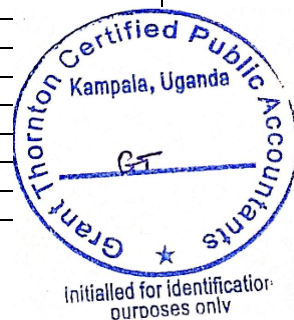
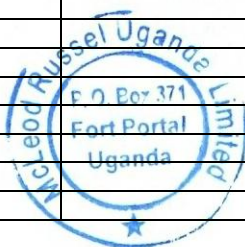
Amount in US\$ '000

	On Demand	Less than 6 mth	6 to 12 mth	> 1 Year	Total Amount
Trade Payable		3,970,318			3,970,318
Finance Lease Obligations					-
Other Financial Liabilities		7,569,421			7,569,421

53. Accounting classification of each category of financial instrument, their carrying amount and fair value

Amount in US\$ '000

Particulars	Fair Value through Profit and Loss Statement	Fair Value through Other Comprehensive Income	Financial Assets-At amortised cost	Fair Valuation Hierarchy
Investments				
Loans			30,505,181	
Other Financial Assets			19,871,700	
Trade Receivables			439,814	
Cash and Cash Equivalents			185,703	
Borrowings			58,946,334	
Trade Payables			4,092,499	
Other Financial Liabilities			8,012,529	



54. Significant events/transactions taken place between the date of financial year end of subsidiaries (31st December 2025) and the date of financial year end of holding company Borelli (31st March 2026)

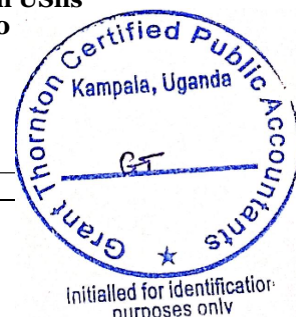
There are no significant events that have occurred subsequent to the year end and till the date of reporting.

55. Lease Disclosure:

Lease commitments for leases: Leases are paid in advance.

At the Balance Sheet date, the following are outstanding commitments:-

	31st Dec 2025 Amount in US\$ '000	31st Dec 2024 Amount in US\$ '000
The future minimum lease commitment of the Company is as under:		
Up to one year	NIL	NIL
More than one year and up to five years	NIL	NIL
More than five years	NIL	NIL
TOTAL	NIL	NIL



- Depreciation charge on "Right-to-Use Assets" (i.e. leases) : NIL
- Interest expense on lease (included in Finance costs – Note 33) : NIL
- Expense relating to short-term leases not accounted for as lease. This expense need not include the expense relating to those leases whose term is up to one month.: Not Applicable
- Expense relating to leases of low-value assets not accounted for as lease. : Not Applicable
- Expense relating to variable lease payments not included in the measurement of lease liabilities: Not Applicable
- income from sub-leasing right-of-use assets NIL
- Total cash outflow for leases: NIL
- Additions to "Right-to-Use Assets" : NIL
- Carrying amount of "Right-to-Use Assets" at the end of the reporting period, by class of underlying asset
US\$ 5,194,221,000

56. Movement of Impairment Allowances

	Amount in US\$ '000			
Particulars	Allowance against Interest Receivable	Allowance against doubtful advances	Allowance Against Receivable	Allowance against doubtful Advance to Suppliers, Service Providers etc.
Balance at the beginning of the year	2,449,982	2,637,089	-	176,488
Recognised during the year	343,376	1,264,075	123,401	12,071
Reversal during the Year	-	-	-	-
Balance at the end of the year	2,793,358	3,901,164	123,401	188,559

57. Changes in Fair Value of Biological Assets Other Than Bearer Plants:

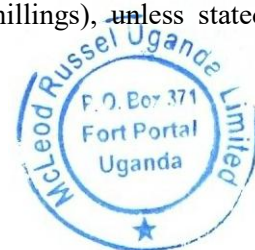
Particulars	Year ended December 31, 2025	Year ended December 31, 2024
Opening	321,498	349,203
Increase due to harvest/ physical changes		
Decrease due to harvest/ physical changes	141,883	27,705
Closing	463,381	321,498

58. Currency:

All amounts mentioned in above notes are in home-currency (i.e. Uganda Shillings), unless stated in specific foreign-currency.

59. Previous Year's figures:

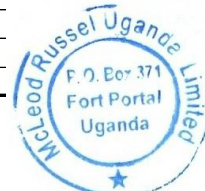
Previous year's figures have been rearranged/regrouped wherever necessary.



MCLEOD RUSSEL UGANDA LIMITED						
BALANCE SHEET AS AT 31st DEC, 2025						
					Amount in USH'000	
Particulars		Notes	As on 31st Dec 2025		As on 31st Dec 2024	
ASSETS						
Non current Assets						
	Property, plant and equipment	2	65,375,196		69,643,639	
	Capital work-in-progress	2A	1,903,697		2,010,698	
	Goodwill on consolidation	3				
	Other intangible asset	4	-		-	
Financial Assets						
	Investments	5	-		-	
	Loans	6	26,604,017		28,294,016	
	Other financial assets	7	17,042,754		13,683,821	
	Other non-current assets	8	-	110,925,664	-	113,632,174
Current Assets						
	Inventories	9	15,838,187		14,862,891	
	Biological assets other than bearer plants	10	463,381		321,498	
Financial assets						
	Loans	6	-		-	
	Other financial assets	7	35,589		1,891,862	
	Trade receivables	11	316,413		1,429,520	
	cash and cash equivalents	12	185,703		576,003	
	Current tax assets (net)	13	6,666,464		6,666,464	
	Other current asset	14	2,624,899	26,130,636	3,924,332	29,672,569
TOTAL ASSETS				137,056,299		143,304,743
EQUITY AND LIABILITIES						
Equity						
	Equity Share Capital	15	4,630,540		4,630,540	
	Other Equity	16	50,246,140		52,366,075	
	Minority Interest	17		54,876,680		56,996,615
Non current liabilities						
Financial liabilities						
	Borrowings	18		34,429,707		41,604,511
	Lease liabilities					
	Other Financial Liabilities	19		-		-
Provisions						
	Provision for post-retirement employee benefits	20		2,805,263		2,800,330
	Other Provisions	21		-		-
	Deferred tax liabilities (net)	22		-		637,113
	Other Non-current Liabilities	23		-		-
Current Liabilities						
Financial liabilities						
	Borrowings	24		24,516,627		24,457,949
	Lease liabilities					
	Trade payables	25		4,092,499		2,951,640
	Other financial liabilities	19		8,012,529		7,126,645
Provisions						
	Provision for Post-retirement Employee Benefits	20		-		-
	Other Provisions	21		-		-
	Current Tax Liabilities (Net)	26		-		-
	Other current liabilities	27		8,322,996		729,940
TOTAL EQUITY & LIABILITIES				137,056,299		143,304,743



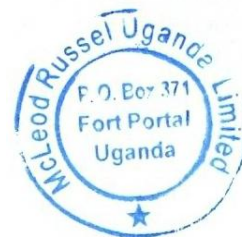
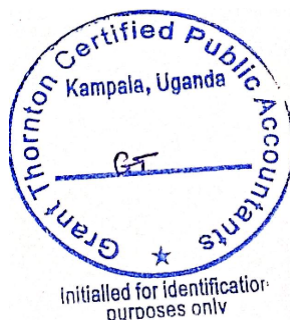
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MCLEOD RUSSEL UGANDA LIMITED
PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST DEC 2025

Amount in USH'000

Particulars	Notes	1ST JAN 2025 TO 31ST DEC 2025	1ST JAN 2024 TO 31ST DEC 2024
Revenue from operations	28	53,748,256	48,626,368
Other income	29	3,257,426	2,257,107
Total Revenue		57,005,682	50,883,476
Expense:			
Cost of Green Leaf Purchased		10,113,878	5,500,527
Decrease / (increase) in stock of green leaf	30		
Purchase of tea			
Changes in Inventories of finished goods	31	(1,245,416)	702,686
Employees benefit expense	32	16,868,873	18,004,871
Finance cost	33	6,409,945	6,543,015
Depreciation and amortization expense	34	4,751,549	4,566,458
Other expense	35	22,029,999	28,060,381
Total Expenses		58,928,827	63,377,938
Profit before exceptional items and tax		(1,923,145)	(12,494,462)
Exceptional Items		-	-
Profit before tax		(1,923,145)	(12,494,462)
Tax expense			
Current tax		-	-
Deferred tax - charge / (credit)		(386,942)	(3,609,030)
Total tax expense	36 (a & b)	(386,942)	(3,609,030)
Profit after tax		(1,536,203)	(8,885,432)
Other comprehensive income (net of tax)	37	(583,731)	(879,843)
Total comprehensive income for the period		(2,119,934)	(9,765,275)



MCLEOD RUSSEL UGANDA LIMITED
Statement of Cash Flows for the year ended 31st Dec 2025

		As on 31st Dec 2025	As on 31st Dec 2024
		Ugx '000	Ugx '000
A. Cash flow from operating activities :			
	Profit before income tax	(1,923,145)	(12,494,462)
	Adjustments for :		
	Depreciation and amortisation expense	4,751,549	4,566,458
	(Profit) / Loss on disposal of Property, Plant and Equipment	(24,017)	-
	Write off of fixed assets	-	9,753
	Amortisation of Government Grants - Capital Subsidy	-	-
	Profit on sale of investments	-	-
	Provision for doubtful advances/ receivables etc.,	135,472	-
	Changes in fair value of biological assets	(141,883)	27,706
	Dividend and Interest Income classified as investing cash flows	-	-
	Finance costs	6,409,945	6,543,015
	Fair value loss/Gain on foreign exchange derivatives (net)	-	-
	Liabilities no longer required written back	-	-
	Provision for bad and doubtful no longer required written back	-	-
	Remeasurement of post-employment defined benefit obligations	(833,902)	(1,256,919)
	Exchange difference on translation of balances denominated in Foreign Currency	-	-
	Any other adjustments (please specify)		
	Change in operating assets and liabilities:		
	Changes in Inventories	(975,296)	4,958,566
	Changes in Financial Assets (other than 'Loans given')	2,263,034	2,818,843
	Changes in Trade Receivables	1,113,107	(39,312)
	Changes in "Other Current Assets"	1,299,433	(1,054,075)
	Changes in "Other Non-Current Assets"	-	-
	Changes in Trade Payables	1,140,858	(1,813,542)
	Changes in Financial Liabilities (other than Borrowings)	(54,088)	(85,885)
	Changes in Employee Benefit Obligations	4,933	(24,937)
	Changes in Other Current Liabilities	1,593,055	3,253,767
	Any other changes in operating assets & liabilities (Please Specify)		
	Cash inflow/(outflow) from operating activities	14,759,053	5,408,974

Income taxes paid (Net of Refunds)

-

Net cash inflow/(outflow) from operating activities
14,759,053
5,408,974
B. Cash flows from investing activities:

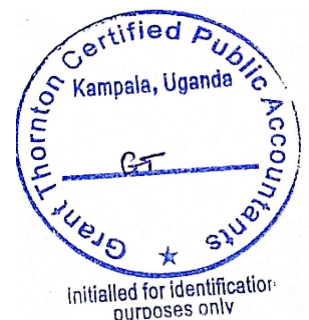
	Payments for property, plant and equipment (tangible fixed assets)	(376,103)	57,643
	Payments for Intangible Fixed Assets (Trademark, Computer software)		
	(Increase) / decrease in loans to related parties	353,299	782,511
	Increase / (decrease) in Inter-corporate Loans		
	(Increase) / decrease in Loans to others	(2,564,463)	160,858
	Receipts of Government Grants - Capital Subsidy		
	Proceeds from sale of Long Term Investments		
	Proceeds from sale of property, plant and equipment	24,018	(4,501)
	Repayment of loans by Employees and Related party		
	Dividends Received		
	Interest Received		
	Any other inflow/outflow for investing-activities (please specify)		
	Net cash (outflow)/inflow from investing activities	(2,563,250)	996,512

C. Cash flows from financing activities :

	Proceeds from long term borrowings	-	9,561,726
	Repayment of long term borrowings	(6,624,732)	
	Proceeds from short term borrowings		
	Repayment of Short Term Borrowings		
	Payment of Lease-liabilities		
	Interest paid	(5,469,977)	(4,568,134)
	Dividends paid		
	Any other inflow/outflow for financing-activities (please specify)		
	Net cash outflow from financing activities	(12,094,709)	4,993,592

Net increase (decrease) in cash and cash equivalents
101,095
11,399,077
Reconciliation :

Cash and Cash Equivalents at beginning of the year (Refer relevant numeric note)	(17,043,942)	(28,443,019)
Effect of exchange rate changes on opening Cash & Cash Equivalents		
(A)		
Cash and Cash Equivalents at end of the year (Refer relevant numeric note) (B)	(16,942,847)	(17,043,942)
Net increase (decrease) (A - B)	101,095	11,399,077



	As at December 31, 2024	Cash flows (Note below)	Non-Cash Flows	As at Dec 31, 2025
Change in liabilities arising from financing activities:				
Non-current borrowings	41,604,511	(7,174,804)		34,429,707
Current maturities of long term debt	6,838,004	550,072		7,388,077
Short term borrowings				
Lease - Liabilities				
Interest accrued and due on borrowings				
Interest accrued but not due on borrowings	6,629,452	939,969		7,569,421
Note: Includes cash flows on account of both principal and interest.				

2. PROPERTY, PLANT AND EQUIPMENT

3,620

3,670

Amount in USH'000

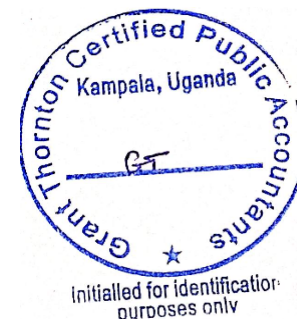
Particulars	GROSS BLOCK AT COST OR VALUATION				DEPRECIATION				NET BLOCK	
	As at 31st December, 2024	Additions during the period	Disposal During the period	As at 31st December, 2025	As at 31st December, 2024	For the period	On Disposal During the period	As at 31st December, 2025	Written down value as at 31st December, 2025	Written down value as at 31st December, 2024
Land - Freehold	-	-	-	-	-	-	-	-	-	-
ROU - Leasehold Land	5,194,221	-	-	5,194,221	-	-	-	-	5,194,221	5,194,221
Tea Plantation and forest (Bearer Plants)	36,814,858	176,173	-	36,991,031	13,794,512	1,100,606	0	14,895,118	22,095,914	23,020,346
Buildings	27,838,466	13,440	(510)	27,851,396	9,825,637	548,766	(510)	10,373,894	17,477,502	18,012,829
ROU - Leasehold Buildings	-	-	-	-	-	-	-	-	-	-
Plant and Machinery	72,807,951	273,674	(31,813)	73,049,812	49,489,567	3,046,310	(31,813)	52,504,064	20,545,747	23,318,384
Computer	230,599	19,817	-	250,416	213,664	11,808	-	225,472	24,943	16,935
Motor and other Vehicles	2,402,852	-	(53,548)	2,349,304	2,379,021	12,921	(53,548)	2,338,394	10,911	23,831
Furniture and Fittings	125,538	-	-	125,538	113,419	4,571	-	117,990	7,548	12,119
Office Equipment	450,506	-	-	450,506	405,529	26,567	-	432,096	18,410	44,977
	-	-	-	-	-	-	-	-	-	-
31st December 2025	145,864,991	483,104	(85,871)	146,262,224	76,221,350	4,751,549	(85,870)	80,887,028	65,375,196	69,643,641
31st December 2024	146,450,191	546,642	(1,131,844)	145,864,989	72,781,484	4,566,458	(1,126,592)	76,221,350	69,643,639	

0

Internal Note:

Please disclose the following by way of notes under the schedule

- 1) Regarding adjustments in 'Gross Block' as well as in 'Accumulated Depreciation', please specify for each row-item the amounts as well as nature of adjustments (for example: impairment-loss, foreign-exchange fluctuation, etc)
- 2) Conveyance deed pending, (if any) for any immovable assets.
- 3) Assets acquired from any group-company.



MCLEOD RUSSEL UGANDA LIMITED

As on 31st Dec 2025 Amount in USH'000	As on 31st Dec 2024 Amount in USH'000
--	--

Note 2A : Particulars of Capital Work in Progress:

Aging of 'Capital Work in Progress' :

(i) Projects in progress :		
Less than 1 year	1,179,045	1,298,658
1 year to 2 years		
2 years to 3 years	85,998	
More than 3 years	638,654	712,040
Sub-Total (i)	1,903,697	2,010,698

(ii) **Projects temporarily suspended :**

Less than 1 year	
1 year to 2 years	
2 years to 3 years	
More than 3 years	
Sub-Total (ii)	-

Note: Please write particulars (with amount) of each such project.

Total [(i) + (ii)] : Should agree with CWIP in Balance Sheet

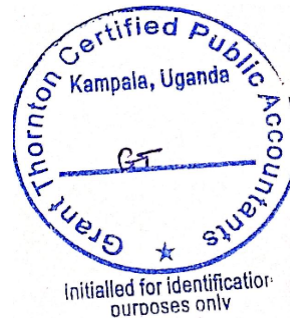
1,903,697	2,010,698
1,903,697	2,010,698

Detail of those projects whose completion is overdue or exceeded its cost as compared to original plan :

Particulars of each such project should be given separately, as under :

To be completed in :

	Current Balance Sheet Date	Last Balance Sheet Date
Next Less than 1 year	-	-
Next 1 year to 2 years	-	-
Next 2 years to 3 years	-	-
Next More than 3 years	-	-



3 GOODWILL

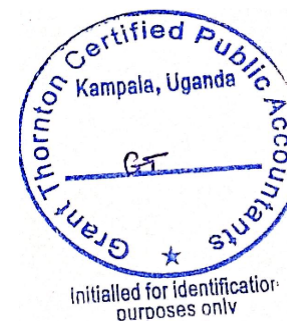
Amount in USH'000

Particulars	GROSS BLOCK AT COST					AMORTISATION					NET BLOCK	
	As at 31st December, 2024	Additions during the period	Disposal during the period	Adjustment During the period	As at 31st December, 2025	As at 31st December, 2024	For the period	On disposal during the period	Adjustment During the period	Up to 31st December, 2025	Written down value as at 31st December, 2025	Written down value as at 31st December, 2024
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill on Consolidation	-	-	-	-	-	-	-	-	-	-	-	-
31st December 2025	-	-	-	-	-	-	-	-	-	-	-	-
31st December 2024	-	-	-	-	-	-	-	-	-	-	-	-

4 OTHER INTANGIBLE ASSETS

Amount in USH'000

Particulars	GROSS BLOCK AT COST					AMORTISATION					NET BLOCK	
	As at 31st December, 2024	Additions during the period	Disposal during the period	Adjustment During the period	As at 31st December, 2025	As at 31st December, 2024	For the period	On disposal during the period	Adjustment During the period	Up to 31st December, 2025	Written down value as at 31st December, 2025	Written down value as at 31st December, 2024
Patient and Trade Mark Computer Software	172,386	-	-	-	172,386	172,386	-	-	-	172,386	-	-
31st December 2025	172,386	-	-	-	172,386	172,386	-	-	-	172,386	-	-
31st December 2024	172,386	-	-	-	172,386	172,386	-	-	-	172,386	-	-



5 INVESTMENTS
(specify face value as well as quantity of each investment)

Long Term

Investments in Equity Instruments - Subsidiaries

Unquoted

Investments in Equity Instruments - Trade

Quoted

Unquoted

Investments in Equity Instruments - Others than trade

Quoted

Unquoted

Investments in Government or trust securities

Quoted

Unquoted

-	-
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Notes:

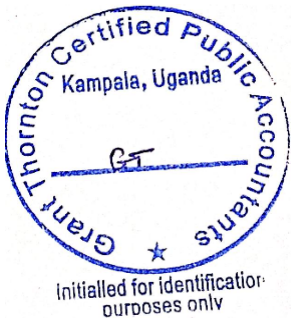
(a Following investments are pledged against loans availed by the Company

Name of the Investment	
Quantity	
Amount	

0.00

(a Following investments are pledged against loans availed by group-company (name ---):

Name of the Investment	
Quantity	
Amount	



MCLEOD RUSSEL UGANDA LIMITED
Notes to Financial statement (Contd.)

6	Loans	As on 31st Dec 2025		As on 31st Dec 2024	
		Amount in USH'000		Amount in USH'000	
		Current	Non-current	Current	Non-current
	Loans to Related Parties				
	- Holding company (Borelli Tea Holding)	-	25,303,629	-	25,656,927
	- Subsidiary				
	- Key Managerial Personnel				
	Loans to Employees				
	Considered Good;		-	-	-
	Credit Impaired:				
	Less: Provision for bad and Doubtful Loans				
	Loans to Others				
	Unsecured Considered Good; (Amount given to SLU Holding to assist in corporate group restructuring requirements)		5,201,552	-	5,274,178
	Credit Impaired:				
	Less: Provision for bad and Doubtful Loans		(3,901,164)	-	(2,637,089)
		-	26,604,017	0	28,294,016

Internal notes

Loan to Borelli (Amount In USD)

Loan to SLU Holding (Amount In USD)

6,990,474

1,437,000

6,990,474

1,437,000

7	Other Financial Assets	As on 31st Dec 2025		As on 31st Dec 2024	
		Amount in USH'000		Amount in USH'000	
		Current	Non-current	Current	Non-current
	Security Deposits;	-		-	
	Considered good				
	Considered doubtful				
	Less : Provision for Doubtful Security Deposits				
	Margin Money Deposit with bank				
	Other Long Term Receivable (Specify)				
	From Tea growers				
	Other Loans and Advances	35,588		90,957	
	Interest Accrued on Loans and Deposits				
	Considered good (Borelli Tea Holding)	-	17,042,754	1,800,905	13,683,821
	Credit impaired (SLU Holding)	472,166	2,321,192	383,426	2,066,556
	Less: Provision for Doubtful Interest Receivable	(472,166)	(2,321,192)	(383,426)	(2,066,556)
	Receivable on account of Claims/Disposal of Assets	-		-	
	Foreign Exchange Derivatives Assets	-		-	
	Other financial assets				
		35,589	17,042,754	1,891,862	13,683,821

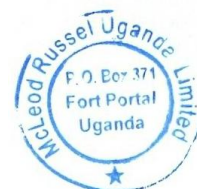
Internal notes

Interest on Loan to Borelli (Amount In USD)

Interest on Loan to SLU Holding (Amount In USD)

4,708,294

771,703



MCLEOD RUSSEL UGANDA LIMITED
Notes to Financial statement (Contd.)

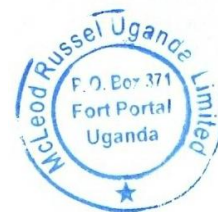
	As on 31st Dec 2025 Amount in USH'000	As on 31st Dec 2024 Amount in USH'000
8 OTHER NON-CURRENT ASSETS		
Advances For Capital Expenditure	-	-
Unsecured considered Good;		-
Unsecured which have a significant increase in Credit Risk		
Credit Impaired:		
Less: Provision for Doubtful		
Prepaid Expenses	-	-
Advances to Suppliers, Service Providers etc.		
Considered good		
Considered doubtful	-	-
Less: Provision	-	-
Others (Please Specify)		
	-	-

	As on 31st Dec 2025 Amount in USH'000	As on 31st Dec 2024 Amount in USH'000
9 INVENTORIES		
At lower of cost and net realisable value		
Raw Materials (Green Leaf)		
Finished Goods (Stock of Tea)	8,203,295	6,957,878
[Including in transit NIL (30th Sept 2024 : Ugx NIL)]		
Less: Provision for old/inferior/damaged tea		
Stores and Spares	10,280,759	11,389,939
[Including in transit NIL (30th Sept 2024 : Ugx NIL)]		
Less: Provision for slow-moving/obselete stores	(2,810,181)	(3,694,099)
Tea Nurseries	164,314	209,172
	15,838,188	14,862,891

Inventories are stated at the lower of cost and net realisable value. Cost is determined weighted average method less provision for impairment. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Fuel wood stocks are valued at cost at weighted average cost basis. Growing stocks are valued on an accumulated cost or market value which ever is less basis and cost include all applicable labour overheads, less recoveries for issues.

	As on 31st Dec 2025 Amount in USH'000	As on 31st Dec 2024 Amount in USH'000
10 Biological Assets Other than Bearer Plants (Current Assets)		
Green Leaf lying on Tea Bushes (ie. Unharvested Tea Leaf)		
Value	463,381	321,498
	463,381	321,498
Quantity (Kgs)	1,268,699	1,201,522



As on 31st Dec 2025	As on 31st Dec 2024
Amount in USH'000	Amount in USH'000

11 TRADE RECEIVABLES

Secured

- Considered Good
- Credit impaired
- Less: provision for doubtful receivables

Unsecured

- Considered Good - Includes 2025: Mcloed Russel Middle East
7,149,691 (2024: Mcloed Russel Middle East 118,237,748)
- Credit impaired
- Less: provision for doubtful receivables

316,413	1,429,520
123,401	
(123,401)	

316,413	1,429,520
----------------	------------------

3 Please give aging-schedule of Trade-Receivables, as per table below. The total of the table should agree with above total.

Aging of 'Trade-Receivables' :

Outstanding from due-dates:

	As on 31st Dec 2025	As on 31st Dec 2024
Less than 6 months	316,413	1,307,606
6 months to 1 year		
1 year to 2 years		
2 year to 3 years	3,167	
More than 3 years	120,234	121,914
Total (should agree with above totals)	439,814	1,429,520

Note-1 : Where no due-date is specified, period should be calculated from date of transaction.

Note-2 : For credit-impaired or disputed trade-receivable, please inform original due-dates for each of such receivable.

As on 31st Dec 2025	As on 31st Dec 2024
Amount in USH'000	Amount in USH'000

12 CASH AND CASH EQUIVALENTS

- Cash on hand
- Cheques on hand
- Remittance in Transit
- Balance with banks in Current Accounts
- Fixed deposits with banks (please specify tenure)(Note below)
- Escrow Accounts
- Other Bank Balances (Specify nature)

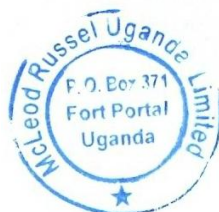
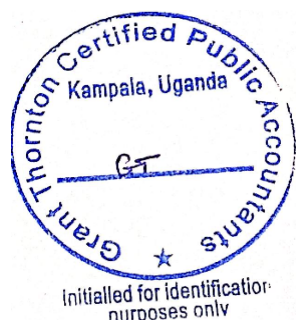
93,253	111,650
92,450	464,353
-	-
185,702	576,003

As on 31st Dec 2025	As on 31st Dec 2024
Amount in USH'000	Amount in USH'000

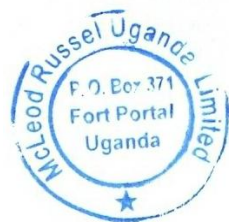
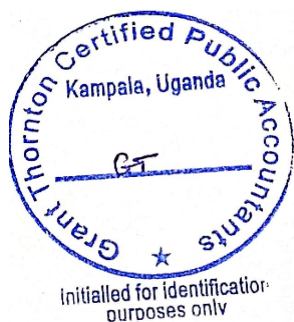
13 Current Tax Assets (Net)

- Advance Tax
- Withholding tax
- Less: Provision for Tax

5,003,221	5,003,221
1,663,243	1,663,243
6,666,464	6,666,464



	As on 31st Dec 2025	As on 31st Dec 2024
	Amount in USH'000	Amount in USH'000
14 OTHER CURRENT ASSETS		
Balance with Government Authorities	383,421	1,461,775
Advance for Employee Benefits	-	-
Advance to Employees	254,491	206,878
Advance to Suppliers, Service Providers etc.		
Considered Good	1,652,907	1,672,201
Credit Impaired:	188,559	176,488
Less: Provision for bad and Doubtful Advances	(188,559)	(176,488)
Prepaid Expenses	334,081	583,478
Subsidies receivable from Government		
Balance with Government authorities		
Accrued Income		
Compensation receivable from Government		
Others (Please specify)		
	2,624,901	3,924,332
15 EQUITY SHARE CAPITAL		
	As on 31st Dec 2025	As on 31st Dec 2024
	Amount in USH'000	Amount in USH'000
Authorised		
8,400,000 (Previous year 8,400,000) equity shares of Ushs 5,000 each	42,000,000	42,000,000
Issued, subscribed and paid-up		
926,108 (Previous year 926,108) equity shares of Ushs 5,000 each fully paid up	4,630,540	4,630,540



MCLEOD RUSSEL UGANDA LIMITED
Notes to Financial statement (Contd.)

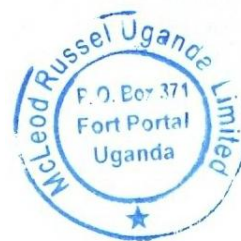
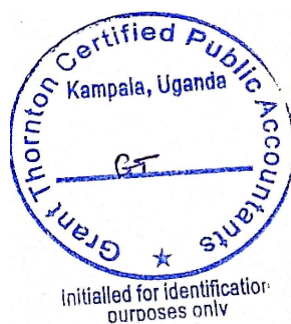
16 Other Equity

Amount in USH'000

	General Reserve	Surplus in Profit and Loss Statement	Total
Balance as at 31/12/2024	-	52,366,075	52,366,075
Profit/ (Loss) for the year		(2,119,934)	(2,119,934)
Transfer to General Reserve			
Transfer to Capital Reserve			
Final Dividend paid in respect of last year			-
Interim Dividend already paid for current year		-	-
Any other adjustment (specify)			
Balance at the end of the year	-	50,246,140	50,246,140

17 Non - Controlling Interest (i.e. Minority Interest)

			Total
Opeing balance			
Profit for the year			
Dividend			
Foreign exchange movement			
Closing Balance			



As on 31st Dec 2025
Amount in USH'000

As on 31st Dec 2024
Amount in USH'000

18 Non Current Borrowings

SECURED

Term-Loans from Banks (Bank-wise detail)

Absa Bank (Former Barclay Bank Limited)

24,123,985

30,576,015

Less: Repayable within one year

(6,030,995)

(6,115,202)

During 2019, Term loan of USD 15 Million is taken, repayable monthly instalment of USD 250,000 for 5 years. The repayment started from Aug 2019. The loan carries a interest of 3 month SOFR plus a base rate of 4.8%. The Loan is Secured by a Mortgage over property title Mortgage over property title LRV 578 folio 24, LRV 1903 Folio 8, LRF 593 Folio 2, LRV 2672 Folio 17 and LRV 515 Folio 20 located at Bugambe, registered in the name of the Company. Mortgage over property title LRV 546 folio 17, LRV 569 folio 13 & 14 at Toro. The term loan has been restructured during November 2024. The term of repayment has been extended to 5 years with monthly repayment schedule.

Uganda Development Bank

17,693,798

17,866,500

Less: Repayable within one year

(1,357,081)

(722,802)

During 2021, Term loan of Uganda Shillings equivalent of USD 5 Million is taken. It has 3 years moratorium period. Repayment in Equated Quarterly instalment would start from 17th Feb 2025. The loan carries a interest of 12%. The Loan is secured by Legal mortgage over property title LRV 599 Folio 12 and untitled agricultural land at Kisaru tea estate and Fixed and floating debenture over current and future movable and immovable assets in respect of the above property.

UNSECURED

Loans from Banks (Bank-wise detail)

.....name of Bank/Institution

Gross

Less: Repayable within one year

Loans from group companies

Gross

Less: Repayable within one year

34,429,707

41,604,511

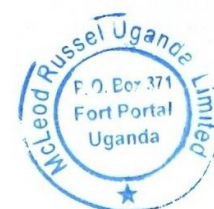
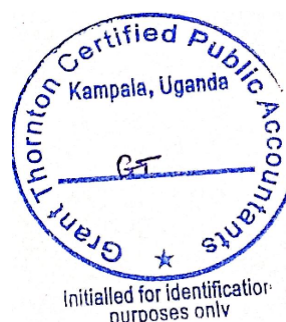
Declaration :

We hereby confirm that borrowings from banks were used for the specific purpose for which these were taken,

We hereby confirm that as on the Balance-Sheet date, there were no defaults in repayment of borrowings and interest.

We hereby confirm that security (wherever applicable) has been created in favour of Banks

We hereby confirm that all returns/ statements submitted to banks are in agreement with books of accounts



MCLEOD RUSSEL UGANDA LIMITED
Notes to Financial statement (Contd.)

	As on 31st Dec 2025		As on 31st Dec 2024	
	Amount in USH'000		Amount in USH'000	
	Current	Non-current	Current	Non-current
19 Other Financial Liabilities				
Interest accrued but not due on borrowings - Banks	7,569,421		6,629,452	
Interest accrued and due on borrowings - Banks	-		-	
Interest accrued but not due on borrowings - Group Company (Specify name)				
Liability for capital expenditure				
Foreign Exchange Derivative Liabilities (Mark to Market)	-		-	
Liabilities payable to Employees	443,109		497,193	
Others (Specify)				
	8,012,529	-	7,126,645	-
	As on 31st Dec 2025		As on 31st Dec 2024	
	Amount in USH'000		Amount in USH'000	
	Current	Non-current	Current	Non-current
20 Provision for Post retirement employment benefits				
Gratuity		2,805,263		2,800,330
Pension				
Medical				
Other Employee- benefits (Please specify)				
	-	2,805,263	-	2,800,330
	As on 31st Dec 2025		As on 31st Dec 2024	
	Amount in USH'000		Amount in USH'000	
	Current	Non-current	Current	Non-current
21 PROVISIONS				
Provision for mark to market losses on derivatives	-		-	
Others (specify nature)	-		-	
	0	0	0	0



MCLEOD RUSSEL UGANDA LIMITED
Notes to Financial statement (Contd.)

As on 31st Dec 2024
Amount in USH'000

As on 31st Dec 2023
Amount in USH'000

22 DEFERRED TAX LIABILITIES (NET)

A. Deferred Tax Liability arising due to

i) Difference between net book value of depreciable capital assets as per books vis-à-vis written down value as per tax laws	13,315,778	13,745,477
ii) Others (specify nature)		
Derivatives		
Temporary difference on forex fluctuations	523,848	623,191
Fair Value on biological assets	139,014	96,449
Fair Value on derivatives	-	-
	<u>13,978,640</u>	<u>14,465,117</u>

B. Deferred Tax Assets

i) Items allowed for tax purpose after actual payment		
ii) Provision for Doubtful Debts, Advances etc.	2,944,999	1,896,171
iii) Tax Losses available for set off against future income	4,188,973	7,011,628
iv) Others (specify nature)		
Derivatives		
Temporary difference on forex fluctuations		
Fair Value on derivatives		
Interest disallowed under section 25	6,003,089	4,080,106
Tax effect of Re -measurement of retirement benefit obligation	841,579	840,100
	<u>13,978,640</u>	<u>13,828,004</u>

Net Deferred Tax Liabilities (A-B)

0 637,113

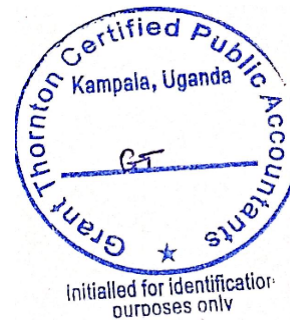
Please give movement in Deferred Tax Liabilities (Net) in following table:

0

	Property, Plant, Equipment	Tax Losses available for set-off against future income	Items Allowed for Tax-purpose on payment	Provision for Doubtful Debts, Advances etc	Others Items	Total
Opening Balance	13,745,477	(7,011,628)	(840,100)	(1,896,171)	(3,360,465)	637,113
Charged/Credited to :						
Profit & Loss Statement	429,699	(2,822,655)	(248,692)	1,048,828	1,979,762	386,942
Others Comprehensive Income			250,170			250,170
Closing Balance	13,315,778	(4,188,973)	(841,579)	(2,944,999)	(5,340,227)	0

Details of Tax losses carried forward (Adjusted against tax profit and does not have expiry date)

Year	Amount in Ugx'000s
2024	(107,669)
2023	(10,829,912)
2022	(3,262,342)
2021	(1,090,615)
Total	(15,290,537)



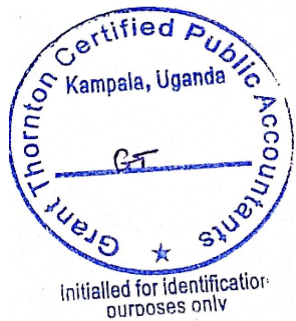
As on 31st Dec 2025	As on 31st Dec 2024
Amount in USH'000	Amount in USH'000

23 OTHER NON - CURRENT LIABILITIES

Deferred revenue arising from Government grants

Others (Please Specify)

-	-
---	---



	As on 31st Dec 2025	As on 31st Dec 2024
	Amount in USH'000	Amount in USH'000
24 Current Borrowings		
Secured Loans repayable on demand from Banks		
Cash Credit, Packing Credit and Demand Loans		
Absa Bank Limited	10,430,106	10,901,067
The company has USD 6 Million and Ugx 1.2 Billion overdraft facility from the bank. The company need to pay on the overdrawn amount a interest of 3 months SOFR plus a base rate of 4.8%. The Loan is secured by a Mortgage over property title LRV 578 folio 24, LRV 1903 folio 8, LRF 593 folio 2, LRV 2672 folio 17 and LRV 515 folio 20 located at Bugambe, Bugahya, Kisita, Hoima and buniyoro, registered in the name of the Company. During November 2024, the loan has been restructed and OD has been reduced to USD 3 Million. The balance of OD 3 Million and Ugx 1.2 Billion is merged with term loan.		
Stanbic Bank Uganda Limtied	6,698,444	6,718,877
The Company has taken USD 2 Million overdraft facility from the bank. The interest on the overdrawn amount is calculated at 6.5%. The Loan is Secured by a Mortgage over propey title LRV 547 folio 2 at Muzizi and second ranking debenture charge over all fixed and floating assets of the Company. With the restructure of OD facility, the facility would reduce by USD 25,000 every quarter from April 2025 onwards.		
Unsecured Loans		
Unsecured Loans from group companies (specify name)		
Unsecured Loans from banks (specify name)		
Current maturities of long-term debts		
- payable to banks / institutions	7,388,077	6,838,004
- payable to group companies		
	24,516,627	24,457,949

The company has overdraft facilities upto a limit of Ushs 1,200 Million and USD 8 Million which bears a interest rate of base rate plus margin rate.

The facilities are subject to review annually in the month of February

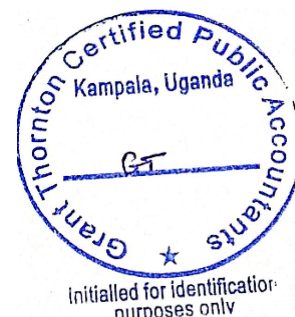
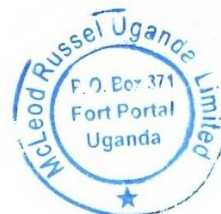
Internal notes (Amount in USD)
Amount in USD

Absa Overdraft	2,881,460	2,970,100
Stanbic overdraft	1,850,537	1,830,622
Amount payable to bank in one year		
Term loan from Absa (Other Loan)	1,666,145	1,666,145
Term loan from Stanbic bank	-	-

Declaration :

We hereby confirm that:

- 1 Borrowings from banks were used for the specific purpose for which these were taken,
- 2 On the Balance-Sheet date, there were no defaults in repayment of borrowings and interest.
- 3 Security (wherver applicable) has been created in favour of banks.
- 4 Statements / returns submitted to banks are in agreement with books of accounts.



25 TRADE PAYABLES

Due to Group companies - **McLeod Russel Africa Limited Ugx 2,859,334**
(2024: 2,899,257)
 Due to Others

As on 31st Dec 2025	As on 31st Dec 2024
Amount in USH'000	Amount in USH'000
2,859	2,899
4,089,639	2,948,741
4,092,499	2,951,640

Aging of 'Trade Payable' :

Outstanding from due-dates:

Less than 6 months
 6 months to 1 year
 1 year to 2 years
 2 year to 3 years
 More than 3 years
 Total (should agree with above totals)

Current Balance Sheet Date	Last Balance Sheet Date
3,787,845	2,938,634
-	-
2,859	13,006
301,795	
4,092,499	2,951,640

Note-1 : Where no due-date is specified, disclosure should be from date of transaction.

Note-2: For disputed trade-payable, please inform original due-dates for each of such receivable.

26 Current tax Liabilities (Net)

Provision for Income Tax
 Less: Advance Tax
 Less: Withholding Tax Recoverable

As on 31st Dec 2025	As on 31st Dec 2024
Amount in USH'000	Amount in USH'000

-
 -
 -

-

27 OTHER CURRENT LIABILITIES

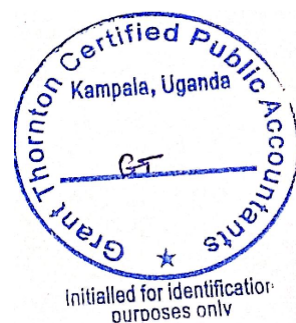
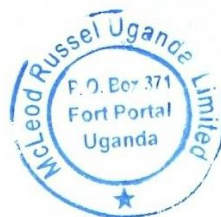
Advances from Customers / Selling Agents
 Dividend Payable
 Other payables
 Statutory dues (including Provident Fund and Tax deducted at Source)

As on 31st Dec 2025	As on 31st Dec 2024
Amount in USH'000	Amount in USH'000

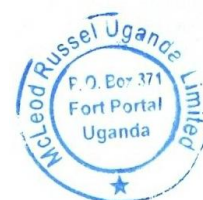
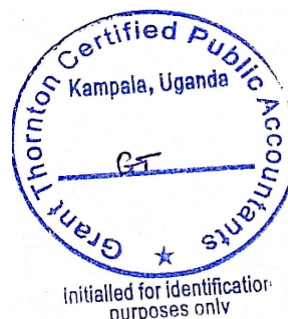
-
 -
 1,913,856
 6,409,140

-
 1,659,325
 5,070,615

8,322,996	6,729,940
------------------	------------------



	1ST JAN 2025 TO 31ST DEC 2025 Amount in USH'000	1ST JAN 2024 TO 31ST DEC 2024 Amount in USH'000
28 REVENUE FROM OPERATIONS		
Sale of products		
Tea - Includes sale to Mcleod Russel Middle East 129,140 kgs of made tea at Ush 485,852,483 (2024: Mcleod Russel Africa Limited 21,000 Kgs of made tea at USh 99,426,786 and Mcleod Russel Middle East 112000 kgs of made tea at Ush 346,248,923)	53,748,256	48,626,368
Sale of Services - Consultancy Fees		
- Royalty		
Other Operating Revenues		
Rebate of Excise Duty , VAT etc		
Liability no longer required written back		
Others (specify nature)		
	53,748,256	48,626,368
29 OTHER INCOME		
Interest Income (Gross)		
On Deposits	-	-
On Loans - Includes Interest receivable from Borelli Tea holdings USh 1,777,975,843 (2024: Interest receivable from Borelli Tea holdings USh 1,858,203,744)	2,156,500	2,260,928
On Tax Refunds	-	-
Dividend on Long Term Trade Investments		
From Subsidiary Company	-	-
From Others	-	-
Insurance Claims		
Sundry Income	51,108	23,885
Profit (net) on Disposal of Property, Plant & Equipment	24,017	-
Profit on Compulsory acquisition of Land by Government	-	-
Profit on Sale of Investments	-	-
Liabilities no Longer Required, Written Back	883,918	-
Provision for Doubtful Debt, no Longer Required Written Back	-	-
Net Gain on Foreign Currency Transaction and Translation		
- Actually Received	-	-
- Translation Gain	-	-
Changes in fair value of biological asset (i.e. unharvested leaf lying on tea-bushes) (Refer Note 10)	141,883	(27,706)
Others	-	-
	3,257,426	2,257,107
30 DECREASE / (INCREASE) IN INVENTORY OF GREEN LEAF (i.e. leaf plucked/purchased but not yet convrted to Tea)		
Stock of Green Leaf at the beginning of the year		
Less: Stock of Green Leaf at the end of the year		
(Increase)/Decrease	-	-



MCLEOD RUSSEL UGANDA LIMITED
Notes to Financial statement (Contd.)

	1ST JAN 2025 TO 31ST DEC 2025 Amount in USH'000	1ST JAN 2024 TO 31ST DEC 2024 Amount in USH'000
31 CHANGES IN INVENTORIES OF FINISHED GOODS		
Stock of Tea at the beginning of the year (1st Jan)	6,957,878	7,660,564
Less: Stock of Tea at the end of the period	8,203,295	6,957,878
(Increase)/Decrease	<u>(1,245,416)</u>	<u>702,686</u>
	(1,245,416)	702,686
	0.00	0.00
32 EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	14,396,079	15,115,288
Contribution to Provident and Other Funds	1,401,525	1,604,347
Labour and Staff Welfare	1,071,269	1,285,236
	<u>16,868,873</u>	<u>18,004,871</u>
33 FINANCE COSTS		
Interest Expense		
On Fixed Loans	4,640,142	3,335,981
Others	1,419,545	2,959,657
Other Borrowing Costs	350,259	247,377
	<u>6,409,945</u>	<u>6,543,015</u>
34 DEPRECIATION AND AMORTISATION		
Depreciation on Tangible Assets	4,751,549	4,566,458
Amortisation of Goodwill		
Amortization of Intangible Assets	-	-
	<u>4,751,549</u>	<u>4,566,458</u>

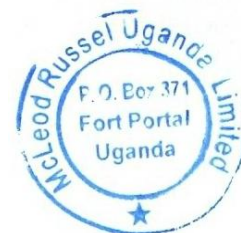


**1ST JAN 2025 TO
31ST DEC 2025
Amount in USH'000**

**1ST JAN 2024 TO
31ST DEC 2024
Amount in USH'000**

35 OTHER EXPENSES

Consumption of Stores and Spare Parts	2,955,002	5,710,313
Consumption of Manures, fertilizers, agro-chemicals etc.,	327,036	158,557
Consumption of packing materials	840,452	947,920
Power and Fuel	5,993,449	7,296,844
Rent		
Lease Rent	12,046	21,736
Repairs to Buildings	64,012	54,244
Repairs to Machinery	3,072,691	2,278,067
Repairs to Others	289,151	225,537
Insurance	386,503	414,339
Rates and Taxes	64,746	46,724
Cess on Tea Manufactured		
Cess on Green leaf		
Travelling	211,128	247,724
Legal and Professional Fees	74,582	493,701
Royalty /License fee	-	-
Freight, Shipping and Selling Expenses	4,681,993	4,772,823
Brokerage on Sales	346,726	291,049
Selling Agents' Commission	4,094	48,681
Auditors' Remuneration	143,769	169,486
Royalty Fee		
Management fee		
Loss (Net) on Disposal of Property, Plant & Equipment	-	9,753
Bad Debts written off (net of pre-existing provision)		
Any other Write Off (Specify)(net of pre-existing provision)		
Provision for Doubtful Debts	135,472	-
Provision for diminution in value of investments		
Any other Provision made (Specify)		
Provision against 'Loans given to SLU Holdings'	1,264,075	2,637,089
Provision against 'Interest receivable from SLU Holdings'	343,376	1,084,042
Net Loss on Foreign Exchange		
- Actually Paid	354,432	5,364
- Translation Loss (Mark to Market)	-	645,897
Miscellaneous Expenses	465,265	500,490
	22,029,999	28,060,381



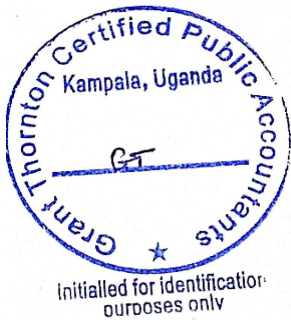
MCLEOD RUSSEL UGANDA LIMITED
Notes to Financial Statements (Contd.)

1ST JAN 2025 TO
31ST DEC 2025
Amount in USH'000

1ST JAN 2024 TO
31ST DEC 2024
Amount in USH'000

35B Exceptional Items

1		
2		
3		
TOTAL		



	1ST JAN 2025 TO 31ST DEC 2025 Amount in USH'000	1ST JAN 2024 TO 31ST DEC 2024 Amount in USH'000
36 (a) Income tax expense		
<u>Current Tax</u>		
Current tax on profits for the year	-	-
Withholding tax suffered		
Adjustments for current tax of prior periods		
Sub Total	-	-
<u>Deferred Tax</u>		
Decrease/ (Increase) in deferred Tax assets	(486,477)	(653,753)
(Decrease)/ Increase in deferred Tax Liabilities	99,535	(1,828,000)
Sub Total	(386,942)	(3,609,030)
<u>Total</u>	(386,942)	(3,609,030)
(b) Reconciliation of tax expense and the accounting profit multiplied by average tax rate:		
	1ST JAN 2025 TO 31ST DEC 2025 Amount in USH'000	1ST JAN 2024 TO 31ST DEC 2024 Amount in USH'000
Profit before income-tax	(1,923,145)	(12,494,462)
Average rate of Income Tax	30%	30%
Tax at an average rate	(576,944)	(3,748,339)
<u>Effects of :-</u>		
Withholding-tax suffered		
Adjustment to tax-charge in respect of prior periods	(791,126)	
Effect of expenses not deductible for tax-purposes	82,598	139,308
Effect of income not subject to tax		
Adjustment for tax on losses		
Any Other items (DTA not recognised)	898,530	
Income Tax Expense Total (See Internal Note Below)	(386,942)	(3,609,031)
	(0)	0
37 OTHER COMPREHENSIVE INCOME		
Gain or Loss on		
i) Remeasurement of post-employment benefit obligations	(833,902)	(1,256,919)
Less : Tax on above	250,170	377,076
(ii) Fair Value gain/loss on Equity-instruments/ Investments	-	
Less : Tax on above		
(iii) Any other item (please specify)		
Less : Tax on above		
b) Items that will be reclassified to Profit or Loss :		
(i) Exchange difference on translation of foreign operations		
(ii) Any other item		
	(583,731)	(879,843)

