Kenafric Biscuits Limited
Annual Financial Statements
for the year ended 31 March 2026

General Information

Country of incorporation and domicile	Kenya
Date of incorporation	10 February 2021
Directors	Mikul Nilesh Shah Kirtan Velji Shah Vishal Bhimani Annu Gupta (Resigned w.e.f 20/01/2026) Ravi Kishore Soni Balachandar Bhaskaran (appointed w.e.f 20/01/2026)
Registered office	Ruaraka, Off Baba Dogo, P.O. Box 39257 -00623 Nairobi, Kenya
Principal banker	Diamond Trust Bank Kenya Limited Diamond Plaza Branch P.O. Box 61711-00200 Nairobi
Independent auditor	Grant Thornton LLP Certified Public Accountants (Kenya) 5th Floor, Avocado Towers Muthithi Road, Westlands P.O. Box 46986-00100 Nairobi
Company secretary	ESR Kenya LLP Certified Public Secretaries (K) P.O. Box 47323-00100 Nairobi
Company registration number	PVT-LRUYYJD3
Tax reference number	P051991098U

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Directors' Report

The directors submit their report together with the audited annual financial statements for the year ended 31 March 2026.

1. Principal activity

The principal activity of the company is manufacturing of biscuits. The company operates principally in Kenya and also exports to nearby East African markets.

2. Business review of financial results and activities

The annual financial statements have been prepared in accordance with IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015. The accounting policies have been applied consistently compared to the prior year.

During the year under review, the Company achieved significant milestones in its financial and operational performance, reflecting the strength of our strategic initiatives and the dedication of our team. Our product portfolio includes a variety of biscuit, catering to diverse consumer preferences. We have been operating in the Kenya market from last 3 years 6 months, and have established a strong presence through our commitment to quality, innovation, and customer satisfaction.

Financial Performance

The Company recorded a robust 32.61% year-on-year growth in revenue, from Ksh 602,140,208 in the prior year to Ksh 798,525,682 for the year ended 31 March 2026, driven by strong sales across key product categories, improved customer acquisition strategies, and continued expansion into territories. This marks one of the highest revenue growth periods since the Company's inception three and a half years back.

In addition to top-line growth, Company successfully launched 19 new SKU for Kenya & Export market and implemented cost optimization and operational efficiency measures, onboarded Modern trade customer as well as a superlative procurement strategy, which significantly boosted the business gross margins and as a result helped the company to reduce its loss after tax for the year ended 31 March 2026 by 53.51% to Ksh 36,081,064 from the loss after tax of the prior year of Ksh 77,612,759. A considerable impetus was put in place for improving labour and logistics cost efficiency over the prior year on a per ton of biscuits produced. This improvement and financial performance reflect our commitment to disciplined financial management and a clear path towards break even and profitability.

Strategic Highlights

Distribution Expansion:

- The company has successfully onboarded 60 distributors majorly contributed by Nairobi area, adding to its coverage and potentially long-term revenue stability.
- Direct distribution channels have grown significantly, increasing the direct control and reach in the domestic market, contributing to higher sales.
- Locating and onboarding the right customer and increasing the customer base.
- Turnaround of Coast region: the highest growing region for KBL.
- All channel - General trade , Modern trade & Exports performed exceptionally well.
- Resisted competition through Bourbon launch with 360-degree promotion
- Measuring sales force productivity and initiating Incentive based program.
- Ensuring necessary expansion in export markets such as Congo, Rwanda, etc
- Solid growth in our cream's biscuit portfolio through superior product offering

Product Launch Success:

- Company successfully launched 19 new SKU in Small pack and Family pack category for Kenya & Export market to expand its product portfolio.

- New product launches, particularly in the 10 KSH pack range, have performed well, contributing 29% to Kenya's sales. This strategy aligns with consumer demand and is beneficial for gaining market entry in a highly competitive space.

Apart from above, the team has onboarded new banking partnership with one of leading bank in Kenya - Standard Chartered bank, also worked efficiently in reducing the inventory in days, worked on expediting collections to ensure manageable receivables and credit and had a strong relationship with its vendors to get support on credit in order to maintain a reasonable working cycle to continue its operations in a smooth manner.

The company continued to experience tough market competition and, price sensitivity in the market. Having said that, the business has an optimistic outlook for the coming year. Revenue is steadily rising year on year basis. The Company is gradually launching new variety of Biscuits under Britannia brand and plans to aggressively expand in Modern Trade as well as untapped location of Kenya market. At the same time, business will prioritize on distribution expansion across regions in Kenya and also tap on export opportunities in East Africa. The emphasis will be given to scale up the volumes to fully absorb the fixed costs.

Exchange rate in the financial years was stable and prices for major commodities like flour and sugar showed stability. The inflationary prices wherever were being addressed through efficient procurement plans, robust review mechanisms and extracting more savings by efficient management of end-to-end supply chain costs. The company will focus to drive efficiencies in production with respect to reduction of change over time and better factory utilization with higher volumes.

We remain confident in our strategy and committed to delivering sustainable value to our shareholders. Looking ahead, we will continue to focus on scalability, innovation, and strengthening our market position. I would like to thank our employees, partners, and shareholders for their continued support and trust.

Legal, regulatory and compliance

The company has put in place robust fiduciary systems and standards. The company is also compliant with the Kenyan Government tax regime, Kenyan Companies Act, 2015, and statutory requirements.

Internal Controls

The company has reasonably adequate internal control systems which are being constantly reviewed by management. Standard operating procedures and policies are in place which are being adhered to.

Political and security risks

The company continues to monitor the political and security situation within the country and acts as and when required.

Employees

The company believes that employees are the core contributors and assets in developing the company to reach at this level. The team is working cohesively to achieve the business goals. The Company indulges into continuous Hygiene and Safety training programmes.

3. Share capital

Refer to note 16 of the annual financial statements for detail of the movement in authorised and issued share capital.

4. Dividends

The board of directors does not recommend the declaration of a dividend for the year.

5. Directors

The directors in office at the date of this report are as follows:

Directors	Changes
Mikul Nilesh Shah	
Kirtan Velji Shah	
Vishal Bhimani	
Annu Gupta	Resigned 20/01/2026
Ravi Kishore Soni	
Balachandar Bhaskaran	Appointed 20/01/2026

Directors' Report

There have been no other changes to the directorate for the year under review.

6. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

7. Statement of disclosure to the company's auditor

With respect to each person who is a director on the day that this report is approved:
- there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and
- the person has taken all the steps that he or she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

8. Terms of appointment of the auditor

Grant Thornton LLP continues in office in accordance with the company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

9. Approval of annual financial statements

The annual financial statements set out on pages 9 to 23, which have been prepared on the going concern basis, were approved by the board of directors on 24th April 2026, and were signed on its behalf by:

Vishal Bhimani
(Director)

Statement of Directors' Responsibilities

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

The directors accept responsibility for the preparation and presentation of these annual financial statements in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

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

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

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

The annual financial statements set out on pages 9 to 23, which have been prepared on the going concern basis, were approved by the board of directors on 24th April 2026 and were signed on its behalf by:

Vishal Bhimani
(Director)

Balachandar Bhaskaran
(Director)

Independent Auditor's Report

To the Shareholder of Kenafric Biscuits Limited

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Kenafric Biscuits Limited (the company) set out on pages 9 to 23, which comprise the statement of financial position as at 31 March 2026, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual financial statements, including material accounting policy information.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Kenafric Biscuits Limited as at 31 March 2026, and its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Auditor's Responsibilities for the Audit of the Annual Financial Statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report as required by the Kenyan Companies Act, 2015, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the annual financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the company's financial reporting process.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Annual Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion the information given in the report of the directors on page 3 - 5 is consistent with the Annual Financial Statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Alfred Siele, Practicing Certificate No. 1690.

Grant Thornton LLP
Certified Public Accountants

For and on behalf of Grant Thornton LLP
Certified Public Accountants (Kenya)
Nairobi

24TH APRIL 2026

UNIQUE CODE: 76114260424

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Statement of Profit or Loss and Other Comprehensive Income

Figures in Shillings	Note(s)	2026	2025
Revenue	2	798,525,682	602,140,208
Cost of sales	3	(630,356,540)	(483,703,351)
Gross profit		**168,169,142**	**118,436,857**
Other income	4	2,563,996	4,309,898
Operating expenses	5	(189,300,574)	(187,015,470)
Operating loss		**(18,567,436)**	**(64,268,715)**
Finance costs	7	(17,233,822)	(13,123,569)
Loss before taxation		**(35,801,258)**	**(77,392,284)**
Taxation	8	(279,806)	(220,475)
Loss for the year		**(36,081,064)**	**(77,612,759)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(36,081,064)**	**(77,612,759)**

The accounting policies on pages 13 to 16 and the notes on pages 17 to 23 form an integral part of the annual financial statements.

Statement of Financial Position as at 31 March 2026

Figures in Shillings	Note(s)	2026	2025
Assets			
Non-Current Assets			
Property, plant and equipment	10	147,866,579	170,223,795
Intangible assets	11	1,000	1,000
		147,867,579	**170,224,795**
Current Assets			
Inventories	13	98,336,772	57,352,313
Trade and other receivables	14	145,862,007	128,386,432
Current tax receivable	9	1,383,760	1,600,701
Cash and cash equivalents	15	5,280,724	3,287,992
		250,863,263	**190,627,438**
Total Assets		**398,730,842**	**360,852,233**
Equity and Liabilities			
Equity			
Share capital	16	364,843,334	364,843,334
Accumulated losses		(306,993,603)	(270,912,539)
		57,849,731	**93,930,795**
Liabilities			
Non-Current Liabilities			
Borrowings	17	3,845,731	5,308,752
Current Liabilities			
Trade and other payables	18	178,521,184	150,048,963
Borrowings	17	58,901,978	5,122,500
Bank overdraft	15	99,612,218	106,441,223
		337,035,380	**261,612,686**
Total Liabilities		**340,881,111**	**266,921,438**
Total Equity and Liabilities		**398,730,842**	**360,852,233**

The annual financial statements and the notes on pages 17 to 23, were approved by the board of directors on 24th April 2026 and were signed on its behalf by:

Vishal Bhimani
(Director)

Balachandar Bhaskaran
(Director)

The accounting policies on pages 13 to 16 and the notes on pages 17 to 23 form an integral part of the annual financial statements.

Statement of Changes in Equity

Figures in Shillings	Share capital	Accumulated losses	Total equity
Balance at 1 April 2024	**314,843,334**	**(193,299,780)**	**121,543,554**
Loss for the year	-	(77,612,759)	(77,612,759)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	**-**	**(77,612,759)**	**(77,612,759)**
Issue of shares	50,000,000	-	50,000,000
Total changes	**50,000,000**	**-**	**50,000,000**
Balance at 1 April 2025	**364,843,334**	**(270,912,539)**	**93,930,795**
Loss for the year	-	(36,081,064)	(36,081,064)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	**-**	**(36,081,064)**	**(36,081,064)**
Balance as at March 31, 2026	**364,843,334**	**(306,993,603)**	**57,849,731**
Note(s)	16		

The accounting policies on pages 13 to 16 and the notes on pages 17 to 23 form an integral part of the annual financial statements.

Statement of Cash Flows

Figures in Shillings	Note(s)	2026	2025
Cash flows used in operating activities			
Cash used in operations	19	(25,204,136)	(88,450,014)
Tax paid	9	(62,865)	(15,810)
Net cash used in operating activities		**(25,267,001)**	**(88,465,824)**
Cash flows used in investing activities			
Purchase of property, plant and equipment	10	(993,897)	(2,715,860)
Cash flows from financing activities			
Proceeds on share issue	16	-	50,000,000
Proceeds from borrowings	17	56,210,126	-
Repayment of borrowings	17	(3,893,669)	(3,100,462)
Finance costs	7	(17,233,822)	(13,123,569)
Net cash from financing activities		**35,082,635**	**33,775,969**
Total cash and cash equivalents movement for the year		**8,821,737**	**(57,405,715)**
Cash and cash equivalents at the beginning of the year	15	(103,153,231)	(45,747,516)
Total cash and cash equivalents at end of the year	15	**(94,331,494)**	**(103,153,231)**

The accounting policies on pages 13 to 16 and the notes on pages 17 to 23 form an integral part of the annual financial statements.

Material Accounting Policies

1. Basis of preparation and summary of material accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board, and the Kenyan Companies Act, 2015. For Kenyan Companies Act, 2015 reporting purposes in these financial statements, the balance sheet is represented by the statement of financial position and the profit and loss account is represented by the statement of profit or loss and other comprehensive income.

The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Kenyan Shillings and rounded off to the nearest Shilling.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated selling price less costs to complete and sell. Where an impairment is necessary, inventory items are written down to selling price less costs to compete and sell.

Impairment testing

The company reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

Material Accounting Policies

1.2 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Useful life
Plant and machinery	Straight line	10 years
Furniture and fixtures	Straight line	8 years
Motor vehicles	Straight line	5 years
Computers and copiers	Straight line	5 years

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

Research and development costs are recognised as an expense in the period incurred.

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

1.4 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.5 Borrowings

Borrowings are classified as financial liabilities subsequently measured at amortised cost.

Borrowings are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

Material Accounting Policies

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.7 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

1.8 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The company and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the statement of profit or loss and other comprehensive income in the year they fall due.

The company and its employees contribute to the Affordable Housing Levy at the rate of 1.5% on gross salary. Contributions are determined by local statute and the company's contributions are charged to the statement of profit or loss and other comprehensive income in the year they fall due.

1.10 Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

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

Provisions are not recognised for future operating losses.

Material Accounting Policies

1.11 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

1.12 Other income

Rental income from operating leases is recognised on a straight line basis over the period of the lease.

1.13 Foreign exchange

Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

All transactions in foreign currencies are initially recorded in Shillings, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

Notes to the Annual Financial Statements

Figures in Shillings	2026	2025

2. Revenue

Sale of goods	798,525,682	602,140,208

3. Cost of sales

Cost of goods sold	515,978,554	388,859,526
Direct costs		
Carriage, freight and distribution costs	23,046,656	17,422,978
Power and fuel	31,183,223	25,549,596
Staff costs (Note 6)	37,029,223	24,810,394
Depreciation	21,965,084	21,791,778
Material write off	1,153,800	5,269,079
	114,377,986	**94,843,825**
	630,356,540	**483,703,351**

4. Other income

Profit on exchange differences (see below)	-	189,746
Rental income (see below)	932,686	734,916
Other income	1,631,310	3,385,236
	2,563,996	**4,309,898**

Other income relates to sale of scrap items.

Rental income (Net)		
Rental income	10,334,582	7,836,054
Rental expenses	(9,401,896)	(7,101,138)
	932,686	**734,916**

(Gain)/Loss on exchange difference		
Unrealised exchange gain	-	2,597,971
Realised exchange gain	-	(2,787,717)
	-	**(189,746)**

5. Operating expenses

The following items are included within operating expenses:		
Staff costs (Note 6)	93,124,025	88,563,242
Provision for bad debts	1,279,872	-
Repairs and maintenance	8,390,776	13,143,213
Rent	32,178,104	32,498,862
Travelling expenses	7,857,500	8,574,632
Security charges	2,112,000	2,226,365
Miscellaneous expenses	134,088	60,667
Loss on exchange differences (see below)	442,251	-
Auditors remuneration	1,169,500	1,125,000
IT expenses	2,000,448	2,261,791
Insurance	2,059,588	2,392,435
Bank charges	2,964,776	1,749,015
Engineering stores	4,273,393	845,080
Cleaning expenses	1,971,365	1,986,139
Depreciation	1,386,029	1,372,254
License	587,863	566,558
Water expense	426,254	382,164
Motor vehicle expenses	1,520,341	1,082,454
Professional fees	787,500	523,129

Notes to the Annual Financial Statements

Figures in Shillings	2026	2025
Printing and stationery	308,983	230,065
Subscriptions	101,409	86,702
Commission and brokerage	-	362,069
Office expenses	251,537	287,016
Promotions	23,627,943	26,271,524
Telephone and postage	345,029	425,094
	189,300,574	**187,015,470**

Loss on exchange differences

Unrealised exchange loss	741,841	-
Realised exchange gain	(299,590)	-
	442,251	**-**

6. Staff costs

Direct staff costs

Salaries and wages	37,029,223	24,810,394

Indirect staff costs

Salaries and wages	74,279,562	73,349,955
Staff welfare expenses	1,395,539	988,046
Other staff costs	12,417,148	10,115,712
Staff medical	2,669,138	2,338,241
NSSF company contribution	1,413,977	832,415
Housing levy contibution	948,661	938,873
	93,124,025	**88,563,242**
Total direct & indirect staff costs	**130,153,248**	**113,373,636**

Average number of persons employed during the year was:

Administration	35	29
Management	4	4
	39	**33**

7. Finance costs

Interest on borrowing	3,605,124	2,045,436
Interest on bank overdraft	13,628,698	11,078,133
	17,233,822	**13,123,569**

8. Taxation

Major components of the tax expense

Current taxation

Local normal tax - current year	279,806	220,475

Notes to the Annual Financial Statements

Figures in Shillings	2026	2025

8. Taxation (continued)

Reconciliation of the tax expense

Reconciliation between accounting loss and tax expense.

	2026	2025
Accounting loss	(35,801,258)	(77,392,284)
Tax at the applicable tax rate of 30%	(10,740,377)	(23,217,685)
Tax effect of adjustments on taxable income		
Expenses not deductible for tax purposes	8,855,732	8,659,639
Income not subject to tax	(10,093,551)	(8,951,377)
Unused tax losses	12,258,002	23,729,898
	279,806	**220,475**

Total accumulated carried forward losses as at 31st March 2026 is Ksh 414,418,736 (2025: 373,558,729).

9. Tax paid

	2026	2025
Balance at beginning of the year	1,600,701	1,805,366
Current tax for the year recognised in loss	(279,806)	(220,475)
Balance at end of the year	(1,383,760)	(1,600,701)
	(62,865)	**(15,810)**

10. Property, plant and equipment

	2026			2025		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Plant and machinery	220,290,004	(75,736,409)	144,553,595	219,525,107	(53,771,325)	165,753,782
Furniture and fixtures	1,473,982	(627,487)	846,495	1,473,982	(443,239)	1,030,743
Motor vehicles	3,483,029	(2,219,236)	1,263,793	3,483,029	(1,522,630)	1,960,399
Computers	2,729,329	(1,526,633)	1,202,696	2,500,329	(1,021,458)	1,478,871
Total	**227,976,344**	**(80,109,765)**	**147,866,579**	**226,982,447**	**(56,758,652)**	**170,223,795**

Reconciliation of property, plant and equipment - 2026

	Opening balance	Additions	Depreciation	Closing balance
Plant and machinery	165,753,782	764,897	(21,965,084)	144,553,595
Furniture and fixtures	1,030,743	-	(184,248)	846,495
Motor vehicles	1,960,399	-	(696,606)	1,263,793
Computers	1,478,871	229,000	(505,175)	1,202,696
	170,223,795	**993,897**	**(23,351,113)**	**147,866,579**

Reconciliation of property, plant and equipment - 2025

	Opening balance.	Additions	Depreciation	Closing balance
Plant and machinery	184,935,841	2,609,720	(21,791,779)	165,753,782
Furniture and fixtures	1,214,991	-	(184,248)	1,030,743
Motor vehicles	2,657,004	-	(696,605)	1,960,399
IT equipment	1,864,131	106,140	(491,400)	1,478,871
	190,671,967	**2,715,860**	**(23,164,032)**	**170,223,795**

11. Intangible assets

	2026			2025		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Trademark	1,000	-	1,000	1,000	-	1,000

Reconciliation of intangible assets - 2026

	Opening balance	Total
Trademark	1,000	1,000

Reconciliation of intangible assets - 2025

	Opening balance	Total
Trademark	1,000	1,000

12. Deferred tax

Unrecognised deferred tax asset

	2026	2025
Deferred income tax is calculated using the enacted income tax rate of 30%. The movement on the deferred income tax account is as follows:		
At start of the year	79,111,297	55,886,789
Movement in the year	13,155,435	23,224,508
Not recognised as a deferred tax asset	**92,266,732**	**79,111,297**

	At start of the year	**Credit (charge) to profit or loss**	**At the end of year**
Tax losses	112,067,619	12,258,003	124,325,622
Unrealised exchange loss	(1,404,101)	2,406,043	1,001,942
Provision	1,423,636	312,030	1,735,666
Accelerated capital allowances	(32,975,857)	(1,820,641)	(34,796,498)
	79,111,297	**13,155,435**	**92,266,732**

Deferred tax assets are recognised only to the extent that it is possible that future taxable profits will be available against which temporary differences can be utilised. The deferred income tax asset has not been recognised as the company is yet to record taxable profit therefore, the availability of future taxable profits to utilise the net asset in doubt. The net deferred income not recognised is attributable to the above.

13. Inventories

	2026	2025
Raw materials	46,696,886	13,694,301
Loose tools	9,471,708	6,413,579
Packing material	21,248,767	19,749,885
Finished goods	20,919,411	17,494,548
	98,336,772	**57,352,313**

Notes to the Annual Financial Statements

Figures in Shillings	2026	2025

14. Trade and other receivables

Trade receivables (see below)	99,530,338	75,593,595
Prepayments	6,773,026	4,105,667
Deposits	12,101,000	10,486,000
VAT	27,018,673	38,193,775
Amounts due from related parties (Note 20)	438,970	7,395
	145,862,007	**128,386,432**

Trade receivables (Net)		
Trade receivables (Gross)	100,810,450	76,459,399
Provision for bad debts	(1,280,112)	(865,804)
	99,530,338	**75,593,595**

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	5,280,724	3,287,992
Bank overdraft	(99,612,218)	(106,441,223)
	(94,331,494)	**(103,153,231)**

Current assets	5,280,724	3,287,992
Current liabilities	(99,612,218)	(106,441,223)
	(94,331,494)	**(103,153,231)**

The above bank overdraft from Diamond Trust Bank is secured by debenture/security rights agreement over stocks of Kenafric Biscuits Limited registered in their names for Kshs 130,000,000.

16. Share capital

Authorised		
3,648,433 ordinary shares each Ksh 100 (2025: 3,648,433 ordinary shares each Ksh 100)	364,843,334	364,843,334

Reconciliation of number of shares issued:		
Reported as at 1 April 2025	364,843,334	314,843,334
Issue of ordinary shares (500,000 @100 each)	-	50,000,000
	364,843,334	**364,843,334**

Issued		
3,648,433 ordinary shares each Ksh 100 (2025: 3,648,433 ordinary shares each Ksh 100)	364,843,334	364,843,334

All issued shares are fully paid.

17. Borrowings

At amortised cost		
Diamond Trust Bank Limited - Term Loan	6,747,419	10,431,252
Standard Chartered Bank Limited - Import Invoice Financing	53,885,621	-
Diamond Trust Bank Limited - Hire Purchase	2,114,669	-
	62,747,709	**10,431,252**

Notes to the Annual Financial Statements

Figures in Shillings	2026	2025
17. Borrowings (continued)		
Non-current liabilities		
At amortised cost	3,845,731	5,308,752
Current liabilities		
At amortised cost	58,901,978	5,122,500
	62,747,709	**10,431,252**

Diamond Trust Bank Limited term loan is secured by entire existing and future stock of Kenafric Biscuits Limited registered in their names for Kshs 130,000,000. The loan term is 48 months and interest rate is 15.49%. (2025:17%) p.a.

Diamond Trust Bank Limited Hire Purchase Is Secured By 014-Machinery & Equipment -Industrial,Engineering & Electrical. The Loan Term Is 36 Months And Interest Rate Is 15.49% P.A.

Standard Chartered Bank Limited Import Invoice Financing, unsecured, up to a limit of Kshs 130,000,000. The loan term is 120 days, with a fluctuating benchmark interest rate based on the 182 - day Government of Kenya Treasury Bill rate.

18. Trade and other payables

	2026	2025
Trade payables	143,239,672	98,532,377
Payroll liabilities	2,445,886	8,652,611
Deposits	2,497,923	2,384,043
Amounts due to related parties (Note 20)	8,691,483	25,529,116
Other payables	21,646,220	14,950,816
	178,521,184	**150,048,963**

19. Cash used in operations

	2026	2025
Loss before taxation	(35,801,258)	(77,392,284)
Adjustments for:		
Depreciation	23,351,113	23,164,032
Finance costs	17,233,822	13,123,569
Changes in working capital:		
Inventories	(40,984,459)	(5,813,802)
Trade and other receivables	(17,475,575)	(14,967,601)
Trade and other payables	28,472,221	(26,563,928)
	(25,204,136)	**(88,450,014)**

20. Related parties

Related party balances and transactions with related parties

Related party balances

	2026	2025
Amount due from related parties		
Kenafric Industries Limited	438,970	7,395
Amount due to related party		
Kenafric Properties Limited	8,038,800	21,768,000
Kenafric Industries Limited	-	3,021,376
Britania Industries	652,683	739,740
	8,691,483	**25,529,116**

20. Related parties (continued)

Related party transactions

Figures in Shillings	2026	2025
Rent paid to related parties		
Kenafric Properties Limited	41,580,000	39,600,000
Purchases from related parties		
Kenafric Industries Limited	556,370	-

Kenafric Biscuits Limited is related to the above companies by virtue of common control and directorship.

21. Commitments

There were no commitments for the year ended March 31, 2026.

22. Contingencies

The company has an import bill (non-letter of credit) financing facility with Diamond Trust Bank Limited amounting to USD 199,398.40 as at 31 March 2026. The facility relates to financing of imported goods and is repayable within 180 days.

There were no other contingencies for the year ended March 31, 2026.

23. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of the Directors' report.

24. Categories of financial instruments

Financial assets at amortised cost

Figures in Shillings	2026	2025
Trade and other receivables	112,070,308	86,086,990
Cash and cash equivalents	5,280,724	3,287,992
	117,351,032	**89,374,982**

Financial liabilities at amortised cost

Figures in Shillings	2026	2025
Borrowings	62,747,709	10,431,252
Trade and other payables	178,521,183	150,048,961
Bank overdraft	99,612,218	106,441,223
	340,881,110	**266,921,436**