

MAPINGA PREMIUM FOODS LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

MAPINGA PREMIUM FOODS LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CONTENTS	PAGE
Corporate information	1
Report by Those Charged With Governance	2 – 10
Statement of Directors' Responsibilities	11
Declaration by the Head of Finance	12
Independent Auditor's Report	13 - 16
Financial statements:	
Statement of profit or loss and other comprehensive income	17
Statement of financial position	18
Statement of changes in equity	19
Statement of cash flows	20
Notes to the financial statements	21 - 43

MAPINGA PREMIUM FOODS LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CORPORATE INFORMATION

DIRECTORS	Name	Position	Date of appointment	Nationality
	Mr. Rudolf Pieter Hoondert	Director	15 th March 2023	Dutch
	Mr. Wilbert Basilius Kapinga	Director	15 th March 2023	Tanzanian
	Mr. Maarten Chandra Steinfort	Director	19 th October 2023	Dutch
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Plot number 1, Block number C, Kibosha street, P.O.Box 105885, Bagamoyo, Pwani. Tanzania			
COMPANY SECRETARY	Bowmans Tanzania Limited, 2nd Floor Luminary Building, Haile Selassie and Chole Road, Masaki P.O.Box 78552, Dar es Salaam, Tanzania.			
INDEPENDENT AUDITORS	Ernst & Young Certified Public Accountants EY House, Plot no 162/1- Mzinga way P.O. Box 2475 Dar es Salaam, Tanzania			
BANKERS	CRDB Bank Plc Ground floor Coco Plaza, P.O. Box 268, Dar es Salaam Tanzania Stanbic Bank Tanzania Limited Ali Mwinyi/Kinondoni Road P.O. Box 72647 Dar es Salaam Tanzania			

MAPINGA PREMIUM FOODS LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors (“Those Charged With Governance”) present their report together with the audited financial statements of MAPINGA PREMIUM FOODS LIMITED (the “Company”) for the year ended 31 December 2024 which disclose the state of affairs of the Company.

INCORPORATION

The Company was incorporated on 15 March 2023 with registration number 164335917 and obtained its certificate to commence business on the same day.

The Company is domiciled in Coastal region, the United Republic of Tanzania where it is incorporated as a private Company limited by shares under the Companies Act, 2002 of Tanzania. The address of the registered office is set out on page 1.

PRINCIPAL ACTIVITIES

The principal activity of the Company is manufacture and sale of potato crisps.

COMPANY'S VISION

To produce exceptional and affordable quality potato products, driving impact to the Tanzanian economy and local farmers.

COMPANY OPERATING MODEL

Inputs

The raw materials used in production of potato crisps are Potatoes, Cooking oil, seasoning, LPG, Nitrogen Gas and Packaging materials.

Procurement and Production

Raw materials are being sourced locally with exception of seasoning which is imported from South Africa. The raw materials are being stored in the company’s warehouse ready for production process.

Production process is a five-stage process, which begins at sorting of potatoes, followed by peeling of potatoes, then frying of potatoes, quality assurance inspection and lastly packaging the potatoes crisps for distribution and sale.

Outputs

The final output of the production process consists of packaged potato crisps marketed under the brand name 'CHECHE'. As of 31st December 2024, three flavour variants—Salt, Tomato, and Chilli—were in production, each available in three distinct packaging sizes: large, medium, and small.

From the company’s warehouse, our sales representatives pickup CHECHE boxes in mini distribution trucks and distribute directly to our customers for sale. The customers range from small retailers to large supermarkets.

MAPINGA PREMIUM FOODS LIMITED
 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2024

REPORT BY THOSE CHARGED WITH GOVERNANCE(CONTINUED)

PERFORMANCE FOR THE YEAR

A summary of the key ratios is outlined below:

KEY PERFORMAMNCE INDICATORS	2024 ('000' TZS)	2023 ('000' TZS)
Revenue	400,402	-
Gross loss	(119,045)	
Gross profit margin (%)	(30%)	
Loss for the year	(4,529,614)	(1,239,091)
Net Loss margin (%)	(1,131%)	
Net Assets	8,938,800	3,013,293
Return on capital employed (%)	(51%)	(41%)

The Company posted a net loss of TZS 4.5 billion for the year that ended 31st December 2024 and made a total turnover of TZS 400 million (2023: Nil). The company however had a significant inventory losses cost and production losses leading to gross loss in the first year of sales. The company's net asset of TZS 9 billion demonstrate that it is in a health position as of the year end 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Company recognises the three aspects as being significant in the Company's short- and long-term business plan.

Environmental

Company's operations lead to production of both organic and inorganic wastes that would have a negative impact on the environment if not handled correctly. All wastes from the company's operations are being recycled to ensure that the environment is well conserved for a sustainable future.

- All cardboards and white paper are sent to a local manufacturer who turns them into toilet paper rolls and brown envelopes. Paper products omit serious amounts of methane when placed in a landfill to decay.
- Plastic bottles are shredded by a local vendor into flakes and other portion is made into fibre. Others are exported to Europe or South Africa. These are then used to make new plastic bottles, plastic chairs, berry containers or even shirts or jackets.
- Waste cans are sent to a local company that will melt it down into new metal products like steel frames and bars.
- Glass waste is being sent to a local manufacturer that crushes the glass and reheats it to make new bottles.
- All Food Wastes are recycled into compost and fish feed.

Social

The Company impacts the society through:

- Creation of employment to more than 70 Tanzanians, majority of them being youth and in the process the company contributed to minimization the unemployment rate among this group.

MAPINGA PREMIUM FOODS LIMITED
 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2024
 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUE)

- Commitment to human relations and labour also matters, the Company ensure there is no discrimination in the way staff are managed, promoted, trained, compensated and that they have decent working conditions.
- The Company is also committed to comply with the laws of Tanzania including on time payments of taxes which is an important ingredient of the social contract between the Company, the government of Tanzania, community and the economy.

Governance

The Board of directors takes overall responsibility for the Company, including identifying key risk areas, considering and monitoring investment decisions, considering financially significant matters, and reviewing the performance of management business plans and budgets.

The Board is also responsible for ensuring that comprehensive systems of internal control policies and procedures are operating and follow sound governance principles.

Board meetings are held at regular intervals. The Board delegates the day-to-day management of the business of the Company to the senior management team. Senior management is invited to attend Board meetings and facilitates the effective control of the Company's operational activities, acting as a medium of communication and coordination between the various business units.

DIVIDENDS

The Directors do not recommend payment of dividend in respect of financial year 2024 (2023: Nil).

SOLVENCY

The Company's state of affairs on 31 December 2024 are set out on page 18 of the financial statements. The Directors consider the Company to be solvent within the meaning ascribed by the Companies Act, 2002.

DIRECTORS

The Directors of the Company at the date of this report are shown on page 1.

CAPITAL STRUCTURE

The capital structure of the Company for the year under review is as shown below:

	2024	2023
	TZS'000	TZS'000
Authorised, issued and fully paid 107,000 ordinary shares (2023: 103,000 ordinary shares) of TZS 1,000 each	107,000	103,000

MAPINGA PREMIUM FOODS LIMITED
 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2024

REPORT BY THOSE CHARGED WITH GOVERNANCE(CONTINUED)

CAPITAL STRUCTURE (CONTINUED)

The distribution of the shareholding is as follows:

	2024		2023	
	Number of shares	% Of shareholding	Number of shares	% Of shareholding
Mapinga Premium Foods B.V	106,999	99.9%	102,999	79.6%
7HILLS Holding B.V.	<u>1</u>	<u>0.001%</u>	<u>1</u>	<u>0.001%</u>
Total	<u>107,000</u>	<u>100%</u>	<u>103,000</u>	<u>100%</u>

STAKEHOLDERS' RELATIONSHIP

In fulfilling their responsibilities, the Directors believe that the Company was governed in the best interests of shareholders, whilst having due regard to the interests of other stakeholders in the Company including customers, employees, regulators and suppliers. The Company continues to maintain a good relationship with all stakeholders. The stakeholders' relationship was as follows;

Stakeholder	Roles	Relationship status
Shareholders	To provide expertise and capital to the Company	Ongoing
Suppliers	To provide services and goods to the Company	Ongoing
Customers	To provide business to the Company	Ongoing
Local community	To provide the Company with local community staffs required to comply with local content requirements.	Ongoing
Employees	To contribute to the development of the business	On going

MANAGEMENT

The overall management of the Company is under the Board of Directors. The day-to-day management of the Company is under the general manager. The Company is organised into 5 departments headed by departmental managers who report to the general manager. These departments are:

- Finance.
- Human resources and Administration.
- Procurement.
- Commerce; and
- Operations.

DISABLED PERSONS

The Company recruits disabled workers for those vacancies that they can fill. All necessary assistance is given, including initial training. A similar policy exists for employees who become disabled while in the Company's employment. For the year ended 31st December 2024 there was one employee with visual impairment.

MAPINGA PREMIUM FOODS LIMITED
 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2024
 REPORT BY THOSE CHARGED WITH GOVERNANCE(CONTINUED)

EMPLOYEE MATTERS

Management/employee relationships remained cordial throughout the period. The Company provides training to its employees as and when required.

RELATED PARTY TRANSACTIONS

Transactions and balances with related parties are set out in note 26 to the financial statements.

PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

The Board of Directors has overall responsibility for the establishment and oversight of Company risks management framework. The risks management policies are established to identify and analyze risks faced by the Company, to set appropriate risk limits and controls and monitor risks adherence to limits. The risks management policies and systems are reviewed regularly to reflect changes in the market condition and the Company activities. The Company has exposure to the following risks;

Risk: Financial risk

Probability	Medium
Impact	The Company’s activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The impact for each of these risks is detailed under Note 5.
Mitigation measure	The mitigating measures for each of the financial risks are detailed under Note 5.

Risk: Operational risk

Probability	Medium
Impact	The risk that the current machine line capacity does not match the sales projection for the next year
Mitigation measure	The company plans to purchase the new machine line with 12 times capacity of the current machine line to meet the sales projection for the coming years.

Risk: Government and regulatory risk

Probability	Medium
Impact	Changes in, or failure to comply with, the laws, regulations, policies, or conditions of any jurisdiction in which the Company conduct business could have a material adverse effect on financial condition, liquidity, results of operations and cash flows. Company operations are subject to numerous laws, regulations, and guidelines (including anti-bribery, tax, health and safety, human rights and modern slavery, and environmental regulations) that could result in material liabilities or increases in operating costs or lead to the decline in the demand for goods.
Mitigation measure	The Company carefully monitor, and educate employees and business partners about, legal requirements and developments to make sure operations always remain aware of applicable laws and regulations. Further, various controls have been implemented to promptly detect and address any potential non-compliance

MAPINGA PREMIUM FOODS LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
REPORT BY THOSE CHARGED WITH GOVERNANCE(CONTINUED)

CASHFLOW

During the year, the Company had a net cash inflow of TZS 496,969,000 (2023: TZS 1,221,141,481) from operating activities, investing activities and finance activities. Net cash inflow from operations was attributed to cash flow after adjusting the loss to non-cash expenses from operational activities of the Company during the year.

RESOURCES

Employees with appropriate skills and experience in running the Company are a key resource to the Company and they assist in pursuing the Company's objectives.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is compliant with statutory laws and regulations. There are no known incidences of breach of law that resulted to fines or penalties in the year under review.

EMPLOYEES' WELFARE

Staff composition and gender parity

The total number of employees as at the end of the year was 73 (2023: 25) out of which 53 (2023: 17) are males and 20 (2023: 8) are females.

Relationship between management and employees

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

Training

Training programs are done both in house and externally and are continually developed to ensure employees are adequately trained at all levels.

Medical treatment

All members of staff and up to a maximum of four of their dependants are availed with medical insurance cover with National Health Insurance Fund (NHIF) whereby the Company contributes 6% of the employee's basic salary.

CORPORATE GOVERNANCE

The Board of MAPINGA PREMIUM FOODS LIMITED consists of three (3) Directors. The Board takes overall responsibility of running the Company, including responsibility to identify key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of the Company and management of business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control (policies and procedures) is in place and that the Company complies with sound corporate governance principles.

MAPINGA PREMIUM FOODS LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

The Board delegates the day-to-day management of the business to the General manager who is assisted by the senior management team. The senior management team is invited to attend Board meetings and facilitate the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units.

The Company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations.
- The safeguarding of the Company's assets.
- Compliance with applicable laws and regulations.
- The reliability of accounting records.
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system of internal control is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively throughout the year.

The Board assessed the internal control systems throughout the financial year ended 31 December 2024 and is of the opinion that they met the accepted criteria.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility (CSR) is the continuing commitment by the Company to behave ethically and contribute to its development while improving the quality of life of the workforce and their families as well as that of the community and the society in which it operates. Concern for social and economic development in a safe environment is an intrinsic part of the Company's business. One of the Company's core beliefs is that being a good employer and a good corporate citizen is essential to building and sustaining a dynamic and profitable business. The Company aims to provide a quality work environment for its employees and partners, and to understand the needs of the communities where it operates, to improve local living conditions with efficient and sustainable solutions.

Respecting the communities in which the Company operates encompasses those corporate actions that are in response to society's expectation that businesses be good corporate citizens.

The Company aims to show its respect for the local communities in which it operates by liaising with local stakeholders to gather information and evaluate the needs of the local community.

MAPINGA PREMIUM FOODS LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

REPORT BY THOSE CHARGED WITH GOVERNANCE(CONTINUED)

HEALTH SAFETY SECURITY ENVIRONMENT QUALITY (HSSEQ)

The Company is committed to protecting the environment, as well as the health and safety of its employees, contractors, customers, and the communities in which it operates. The Board is committed to providing quality services that meet or exceed customer expectations and are environmentally sound. All aspects of the business are managed in a safe and environmentally responsible manner, consistent both with good business practices that provide a competitive return on investment, and the principles set forth in this policy.

POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political donations during the year (2023: Nil).

ACCOUNTING POLICIES

The results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the financial statements. When preparing the financial statements, it is the Directors' responsibility under the Tanzania Companies Act 2002 to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent. The accounting policies that are deemed critical to our results and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of judgment involved, including the use of assumptions and estimation, are described in Notes 3 to the financial statements.

EVENTS AFTER REPORTING PERIOD

There are no events after the reporting period which require adjustment to or disclosure in the financial statements.

INDEPENDENT AUDITORS

Details

The information of the Company's auditor for the period covered by the report is:

Ernst & Young
Certified Public Accountants
EY House, Plot No. 162/1 – Mzinga way 14111 Oysterbay
P.O. Box 2475
Dar es Salaam, Tanzania

Firm's registration Number: 151
TIN: 100-149-222

The engagement partner who was in charge of the audit of the Company during the period has PF Number: ACPA 3438.

Appointment for 2025

Ernst & Young, the Company's auditors for the year ended 31 December 2024, have expressed their willingness to continue in office as auditors and are eligible for reappointment. A resolution proposing the re-appointment of Ernst & Young as auditors of the Company for the year 2025 will be tabled at the Annual General Meeting.

MAPINGA PREMIUM FOODS LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

REPORT BY THOSE CHARGED WITH GOVERNANCE(CONTINUED)

RESPONSIBILITY OF THE AUDITOR

The responsibilities of the auditors have been included in the Auditors Report included in the financial statements.

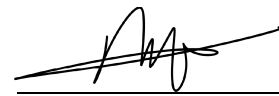
The members charged with governance accept responsibility for preparing these financial statements which show a true and fair view of the Company to the date of approval of the audited financial statements, in accordance with the applicable standards, rules, regulations and legal provisions.

BY ORDER OF THE BOARD



Pieter Hoondert
Director

.....11-06.....2025



Maarten Steinfors
Director

.....11-06..... 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2002 of Tanzania requires the Directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Company as at the end of the financial year and of its operating results for that year. It also requires the Directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania, and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies Act, 2002 of Tanzania. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.



Pieter Hoondert
Director

11-06
.....2025



Maarten Steinfort
Director

11-06
..... 2025

MAPINGA PREMIUM FOODS LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
DECLARATION BY THE HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a Statement of Declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view position of the entity in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirement of Companies Act, 2002 of Tanzania. Full legal responsibility for financial statements rests with the Board of Directors as set out in the statement of Directors Responsibilities on an page no. 11.

I, **Clemence Winfredy Mwapwele**, being the Finance Manager of MAPINGA PREMIUM FOODS LIMITED hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2024 have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania.

I thus confirm that the financial statements give a true and fair view of the financial position and results of Mapinga Premium Foods Limited as of 31 December 2024 and for the year ended that date and that they have been prepared based on properly maintained financial records.



Signed by Clemence Winfredy Mwapwele

Position : Finance Manager

NBAA Membership No. ACPA 4079

11 - 06
..... 2025

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Mapinga Premium Foods Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annual financial statements of Mapinga Premium Foods Limited (the "Company") set out on pages 16 to 41, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of material accounting policy information.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Mapinga Premium Foods Limited as at 31 December 2024 and its financial performance and cash flows for the year that ended per IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Independent International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the general information, Report by those charged with governance, Statement of Directors' Responsibilities and the Declaration of the professional accountant. The other information does not include the financial statements and our auditor's report thereon. The Directors are responsible for the additional information.

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)
To the shareholders of Mapinga Premium Foods Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (Continued)
To the shareholders of Mapinga Premium Foods Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Companies Act, 2002 of Tanzania and for no other purposes.

As required by the Companies Act, 2002 of Tanzania, we report to you, based on our audit, that:

- i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
- iii. The Directors' Report is consistent with the financial statements;
- iv. Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and
- v. The Company's statement of financial position and statement of profit or loss, and other comprehensive income are in agreement with the books of account.



Signed by: Deokari S. Mkenda (ACPA 3438)
Partner
For and on behalf of Ernst & Young
Certified Public Accountants
Dar es Salaam, Tanzania

Date: 16 June, 2025

MAPINGA PREMIUM FOODS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 TZS'000	2023 TZS'000
Revenue from contract with customers	7	400,402	-
Cost of Sales	9	(519,447)	-
Gross loss		(119,045)	-
Other operating income	8	164,582	108,125
Administrative expenses	10	(3,094,495)	(858,976)
Selling and distribution expenses	11	(52,829)	-
Other operating expenses	12	(1,427,827)	(488,240)
Operating loss		(4,529,614)	(1,239,091)
Profit before tax		(4,529,614)	(1,239,091)
Tax charge	14(a)	-	-
Loss for the year, after tax		(4,529,614)	(1,239,091)
Other comprehensive income:		-	-
Total comprehensive loss for the year, net of tax		(4,529,614)	(1,239,091)

MAPINGA PREMIUM FOODS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 TZS'000	2023 TZS'000
ASSETS			
Non- Current Assets			
Property, plant and equipment	25	7,310,554	1,718,335
Intangible assets	24	126,211	-
Right of Use Asset	22	185,740	-
		<u>7,622,505</u>	<u>1,718,335</u>
Current assets			
Inventories	19	284,464	9,738
Trade and other receivables	18	523,038	220,718
Cash and cash equivalents	20	497,059	1,221,141
VAT recoverable	15	578,724	145,115
		<u>1,883,285</u>	<u>1,596,712</u>
Total Assets		<u>9,505,790</u>	<u>3,315,047</u>
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	23	373,477	301,754
Lease liability	21	193,513	-
		<u>566,990</u>	<u>301,754</u>
Equity			
Share Capital	16	107,000	103,000
Share Premium	17	14,600,505	4,149,384
Retained earnings		(5,768,705)	(1,239,091)
		<u>8,938,800</u>	<u>3,013,293</u>
Total Equity and liabilities		<u>9,505,790</u>	<u>3,315,047</u>

The financial statements on pages 17 to 43 were approved and authorised for issue by the Board of Directors on 11-06 2025 and signed on its behalf by:



Pieter Hoondert
Director



Maarten Steinfors
Director

MAPINGA PREMIUM FOODS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital TZS'000	Share premium TZS'000	Retained earnings TZS'000	Total TZS'000
Year ended 31 December 2024				
As start of year	103,000	4,149,384	(1,239,091)	3,013,293
Issued Share capital	4,000			4,000
Share premium		10,451,121		10,451,121
Total comprehensive income for the year	-	-	(4,529,614)	(4,529,614)
At end of year	<u>107,000</u>	<u>14,600,505</u>	<u>(5,768,705)</u>	<u>8,938,800</u>
Year ended 31 December 2023				
As start of year				
Issued Share capital	103,000		-	103,000
Share premium		4,149,384		4,149,384
Total comprehensive income for the year	-	-	(1,239,091)	(1,239,091)
At end of year	<u>103,000</u>	<u>4,149,384</u>	<u>(1,239,091)</u>	<u>3,013,293</u>

MAPINGA PREMIUM FOODS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 TZS'000	2023 TZS'000
Loss before tax		(4,529,614)	(1,239,091)
Adjustments for:			
Depreciation on property, plant and equipment	25	189,364	8,595
Depreciation right of use asset	22	185,740	-
Amortization	21	10,301	-
Loss on disposal of property, plant and equipment		10,187	-
Interest expense on lease liability		22,146	-
Cash used in operating activities before changes in working capital		(4,111,876)	(1,230,496)
Changes in working capital:			
- Increase in inventories	19	(274,726)	(9,738)
- Increase in trade and other receivables	18	(302,320)	(220,719)
- Increase in trade and other payables	20	71,721	301,753
- Increase in VAT receivable	13(b)	(433,609)	(145,113)
Cash used in operations		(938,934)	(73,817)
Net cash used in operating activities		(5,050,810)	(1,304,313)
Cashflow from Investing activities			
Cash paid for purchase of property, plant and equipment	25	(5,824,355)	(1,726,930)
Proceeds from disposal of property, plant and equipment	25	32,586	-
Cash paid for purchase of intangible assets	24	(136,512)	-
Net cash used in investing activities		(5,928,281)	(1,726,930)
Cash flows from financing activities			
proceeds from issue of shares	16	4,000	103,000
proceeds from share premium	17	10,451,121	4,149,384
Lease payment	21	(196,008)	-
Forex loss on payment of lease	21	(4,104)	-
Net cash received from financing activities		10,255,009	4,252,384
Movement in cash and cash equivalents			
At start of year		1,221,141	-
Net (decrease)/increase during the year		(724,172)	1,221,141
At end of the year		497,059	1,221,141

MAPINGA PREMIUM FOODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

MAPINGA PREMIUM FOODS LIMITED is incorporated and domiciled in Tanzania. The address of its registered office and principal place of business is disclosed in the corporate information page of the report accompanying these financial statements. The principal activities of the Company are described in the report by those charged with governance.

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (IFRSs)

a) New standards and amendments published and effective for the year ended 31 December 2024

The following were new and revised IFRSs that have been effective in the current year. The Company's application of the new and revised standards did not have significant impact to these financial statements.

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1
- Lease Liability in a Sale and Leaseback –Amendments to IFRS 16
- Disclosures: Supplier Finance Arrangements -Amendments to IAS 7 and IFRS 7

b) New standards and amendments and interpretation in issue but not effective for the year ended 31 December 2024

IFRS 18 -Presentation and Disclosure in Financial Statements (Effective for annual periods on or after 01 January 2027)

In April 2024, The Board issued IFRS 18 Presentation and Disclosure which replaces IAS 1. IFRS 18 introduces new categories and subtotals in the statements of profit or loss. It also requires disclosure of management -defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

IFRS 18, and the consequential amendments to the other accounting standards, is effective for the reporting periods beginning on or after 01 January 2027 and must be applied retrospectively. Early adoption is permitted and must be disclosed.

The directors are still making assessments of the impact of the changes to the Company's financial reporting process and systems and intend to adopt the requirement when they become effective.

Standard issued but not yet effective that are not expected to have a material impact on the company's financial statements.

- Lack of exchangeability – Amendments to IAS 21 (Effective for annual periods on or after 01 January 2025)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Annual Improvement to IFRS Accounting Standards -Volume 11 (Effective for annual periods on or after 01 January 2026)

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

b) New standards and amendments and interpretation in issue but not effective for the year ended 31 December 2024 (continued)

- Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7 (Effective for annual periods on or after 01 January 2026)
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures (Effective for annual periods on or after 01 January 2027)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28(In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method accounting)

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and the notes to the financial statements.

c) Early adoption of standards

The Company did not early-adopt any new or revised standards in 2024.

3. MATERIAL ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with and comply to IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania.

For Companies Act, 2002 of Tanzania reporting purposes, in these financial statements the balance sheet is represented by the statement of financial position and the profit and loss account is included in the statement of profit or loss and other comprehensive income.

Basis of preparation

The financial statements have been prepared on the historical cost basis as explained in the accounting policies below and on the assumptions that the Company will continue trading as a going concern for the foreseeable future. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below:

(a) Foreign currency transactions

Transactions in foreign currencies are translated using the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated using the foreign exchange rate ruling at that date. Gains and losses arising on translation are credited to or charged against the statement of comprehensive income in the year they arise.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments

Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Initial recognition

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

Subsequent measurement

Financial assets are classified into the following specified categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company's principal financial assets are trade and other receivables and cash and cash equivalents. Financial assets are recognised and derecognised on trade-date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

All financial assets are initially measured at amortised cost or fair value, depending on the classification of financial assets

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

Amortised cost and effective interest method (continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Trade and other receivables

Trade and other receivables are stated at invoice amounts less provision for impairment. A provision for impairment is established using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the trade and other receivables.

Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents include cash on hand, in banks and investments in money market instruments and duly reconciled to the related items in the statement of financial position.

De-recognition of financial assets

The Company derecognises a financial asset only 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 entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received, and receivable is recognised in profit or loss.

Financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The Company's financial liabilities include trade and other payables. The measurement of financial liabilities depends on their classification, as described below:

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not contingent consideration of an acquirer in a business, held-for-trading, or designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss

(b) Financial instruments (Continued)

Offset

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

(c) Revenue recognition

Revenue represents the sale of potato crisps and is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied in the normal course of business, net of discounts and sales related taxes and is recognised when control of a product has been transferred to a customer. Control of product is transferred to a customer once transported goods are received and accepted by the customer.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventories are valued on a weighted average basis except for vehicles which are valued on the specific identification basis.

(e) Cash and Cash equivalents

Cash and cash equivalents comprise cash and bank balances, bank overdrafts and call deposits.

(f) Taxation

The income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the determination of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Employee benefits

The cost of all short-term employee benefits is recognized during the period in which the employee renders the related service.

Defined contribution plans

The Company contributes to the statutory retirement benefit scheme established under the National Social Security Fund (NSSF) Act, 1997. This is a defined contribution scheme under which the Company contributes 10% of the employees' salaries. The Company's contribution during the year is charged to profit or loss in the year to which they relate.

(g) Property and equipment

(i) Owned assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

(ii) Subsequent measurement

The Company recognizes in the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in profit or loss as an expense as incurred.

(iii) Recognition and measurement

Items of property and equipment are carried at historical cost amount less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within profit or loss.

(iv) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Land is not depreciated.

The following rates of depreciation are used:

Depreciation rate %

Buildings	5%
Machinery and Equipment	10%
Vehicles	14%
Furniture and fixtures	14%
ICT Equipment	20%

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

The useful lives and residual values are reviewed annually.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. The Company's principal equity instrument is ordinary share capital, which is recorded at proceeds received, net of any direct issue costs.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below. These estimates are based on management's best knowledge of current events and actions they may undertake in the future, but the actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are regularly reviewed and revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The areas of critical judgements and key sources of estimation uncertainty are as set out below.

(a) Impairment of tangible and intangible assets

At each reporting date, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss.

If objective evidence on impairment losses exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss.

In determining the recoverable amount, the Company considers the higher of the fair value of the asset less costs to sell, and value in use. In estimating value in use, the Company is cognisant of the estimated future cash flow discounted to the present value using a pre-tax discount rate that is reflective of the current market assessment of time value of money and the risks specific to the asset itself.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES
(Continued)

(b) Impairment of financial assets

Management exercises judgement in assessing the likely result on ultimate realization of financial assets, including an evaluation of the current creditworthiness of each trade receivable. The Company recognizes expected credit losses (“ECL”) on financial assets that are measured at amortized cost or at FVTOCI.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecasted direction of conditions at the reporting date, including time value of money where appropriate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

(c) Property and equipment

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

(d) Taxation

The Company is subjected to a few taxes and levies by various government and quasi-government regulations bodies. As a rule of thumb, the Company recognizes liabilities for the anticipated tax/levies payable with at most care and diligence. However, significant judgement is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of management in one way or the other that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the year in which such differences are determined.

(e) Provision for Inventory loss.

The company has analysed and established a benchmark for loss of potatoes’ weight due to loss of water content over time. From the analysis that was conducted, the company now provides for 3.4% as weight loss for every Kilogram of potatoes that is consumed.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk management is carried out by the management under policies approved by the Board of Directors. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, and services offered. The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees/ stakeholders understand their roles and obligations.

The most important types of risks are:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Foreign exchange risk

a) Credit risk

The Company's credit risk is primarily attributable to bank balances and trade and other receivables (excluding prepayments and Value Added Tax (VAT)). The credit risk on liquid funds with financial institutions is also low because the counter parties are banks with high credit-ratings.

The amount that best represents the Company's maximum exposure to credit risk as at 31 December 2024 is made up as follows: -

	12-month or lifetime ECL	Internal credit rating	Gross carrying amount TZS '000	Loss allowance TZS '000	Net carrying amount TZS '000
Bank balance	12 Months	Performing	497,059	-	497,059
Trade and other receivables	12 Months	Performing	<u>112,940</u>	<u>-</u>	<u>112,940</u>
Total exposure			<u>609,999</u>	<u>-</u>	<u>609,999</u>

The amount that best represents the Company's maximum exposure to credit risk as at 31 December 2023 is made up as follows: -

	12-month or lifetime ECL	Internal credit rating	Gross carrying amount TZS '000	Loss allowance TZS '000	Net carrying amount TZS '000
Bank balance	12 Months	Performing	1,221,141	-	1,221,141
Trade and other receivables	12 Months	Performing	<u>-</u>	<u>-</u>	<u>-</u>
Total Exposure			<u>1,221,141</u>	<u>-</u>	<u>1,221,141</u>

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit Risk (Continued)

The Company has applied the simplified approach in IFRS 9 on the financial assets to measure the loss allowance at 12- month ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss and future economic conditions.

In determining the recoverability of the financial assets, the Company considers any change in the credit quality of the financial asset from the date credit was initially granted up to the reporting date.

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the entity could be required to pay its liabilities earlier than expected.

The accounting unit is tasked with the responsibility of ensuring that all foreseeable funding commitments and deposits withdrawals can be met when due, and that the Company will not encounter difficulty in meeting obligations from its financial liabilities as they occur. The Board of Directors relies substantially on the Company's accounting unit to coordinate and ensure discipline across the Company and business units, certify sufficient liquidity under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The accounting unit monitors its liquidity risk using the current assets ratio.

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities as of 31 December 2024:

	2024 TZS'000	2023 TZS'000
Quick assets	1,020,097	1,441,860
Total current liabilities	<u>566,990</u>	<u>301,754</u>
Quick assets ratio	<u>2:1</u>	<u>5:1</u>

Quick assets comprise all current assets except inventory and current tax assets.

The quick asset ratio is lower as compared to the previous year; however, the ratio is still within acceptable range by the management. The company's most liquid assets can cover for its short-term liabilities by twice as much.

MAPINGA PREMIUM FOODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continue)
FOR THE YEAR ENDED 31 DECEMBER 2024

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

b) Liquidity risk (continued)

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities as of 31 December 2024:

Financial assets	Contractual cash flows (undiscounted) - TZS'000				
	Present value	1 - 3 months	3 - 6 months	7 - 12 months	>12 Months
Cash and bank balances	497,059	497,059	-	-	-
Trade and other receivables	<u>523,038</u>	<u>534,806</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,020,097</u>	<u>1,031,865</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities					
Trade and other payables	(373,477)	(381,880)	-	-	-
Lease liability	<u>(193,513)</u>	<u>(48,535)</u>	<u>(49,406)</u>	<u>(50,293)</u>	<u>(51,195)</u>
Total	<u>(566,990)</u>	<u>(430,415)</u>	<u>(49,406)</u>	<u>(50,293)</u>	<u>(51,195)</u>
Difference in contractual cash flows	<u>453,107</u>	<u>601,450</u>	<u>(49,406)</u>	<u>(50,293)</u>	<u>(51,195)</u>

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities as of 31 December 2023:

Financial assets	Contractual cash flows (undiscounted) - TZS'000				
	Present Value	1 - 3 months	3 - 6 months	6 - 12 months	>12 Months
Cash and bank balances	1,221,141	1,221,141	-	-	-
Trade and receivables	<u>220,719</u>	<u>225,685</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,441,860</u>	<u>1,446,826</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities					
Trade and payables	(301,754)	<u>(308,543)</u>	-	-	-
Total	<u>(301,754)</u>	<u>(308,543)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Difference in contractual cash flows	<u>1,140,106</u>	<u>1,138,283</u>	<u>-</u>	<u>-</u>	<u>-</u>

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

c) **Market risk**

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollars and Euro. Foreign exchange risk arises from future commercial transactions, recognised assets, and liabilities.

The Company has put in place internal procedures that assist the Company to minimize foreign currency exchange exposure by ensuring that for all business transactions denominated in a specific foreign currency, payment from the client is received in the foreign currency or at a pre-agreed conversion rate approved by the Company. The remittance to the insurance Company is also made in the same currency.

The carrying amounts of the Company's material foreign currency denominated monetary assets and liabilities that will have an impact on profit or loss when exchange rates fluctuate, as at 31 December 2024 are as follows:

	USD TZS '000	Euro TZS '000	Total TZS '000
Accounts receivable	-	-	-
Cash and cash equivalents	25,322	114,827	140,149
Accounts payable	(17,022)	-	(17,022)
Lease liability	(193,513)	-	(193,513)
Open position	<u>(185,213)</u>	<u>114,827</u>	<u>(70,386)</u>

The carrying amounts of the Company's material foreign currency denominated monetary assets and liabilities that will have an impact on profit or loss when exchange rates change, as at 31 December 2023 are as follows:

	USD TZS '000	Euro TZS '000	Total TZS '000
Accounts receivable	-	-	-
Cash and cash equivalents	785,551	341,260	1,126,811
Accounts payable	(56,504)	-	(56,504)
Open position	<u>729,047</u>	<u>341,260</u>	<u>1,070,307</u>

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

c) **Market risk (Continued)**

(ii) Interest rate risk

The interest rate risk exposure arises mainly from discounting rate movements on the Company's lease liability.

The risk is managed by the Company by close monitoring of the market lending interest rates.

As at 31 December 2024, an increase/decrease of 60 basis points on average borrowing rates would have resulted in a decrease/increase in pre-tax profit of TZS 531,069 (2023: Nil).

6. FAIR VALUE MEASUREMENT

The Directors consider that there is no material difference between the fair value and carrying value of the Company's financial assets and liabilities where fair value details have not been presented.

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Fair value of the Company financial assets and financial liabilities that are measured at fair on recurring basis

The Company had no financial assets or financial liabilities that are measured at fair value on recurring basis at 31 December 2024 (2023: Nil)

MAPINGA PREMIUM FOODS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (Continue)
 FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 TZS '000	2023 TZS '000
7. REVENUE FROM CONTRACT WITH CUSTOMERS		
Sale of crips	400,402	-
	<u>400,402</u>	<u>-</u>
8. OTHER OPERATING INCOME		
Sale of empty oil buckets & defective potatoes	91,193	-
Realized Forex gain	71,730	108,125
Unrealized Forex gain	1,659	-
	<u>(164,582)</u>	<u>108,125</u>
9. COST OF SALES		
Direct materials	329,181	-
Direct transport	1,961	-
Production losses	43,056	-
Inventory losses	68,212	-
Increase in provision for inventory loss	3,224	-
Fuel expenses	73,813	-
	<u>519,447</u>	<u>-</u>
10. ADMINISTRATIVE EXPENSES		
Employees expenses (Note 13)	2,341,383	681,348
Other consultants	80,203	124,521
ICT expenses	175,160	13,244
Auditor's remuneration	35,551	16,310
Legal advisory	30,126	11,572
Insurance	24,521	3,386
Amortization	10,301	-
Interest on lease liability	22,146	-
Depreciation Plant, property and Equipment	375,104	8,595
	<u>3,094,495</u>	<u>858,976</u>

MAPINGA PREMIUM FOODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continue)
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 TZS '000	2023 TZS '000
11. SELLING AND DISTRIBUTION EXPENSES		
Fuel - Secondary distribution	49,829	-
Vendor equipment	3,000	-
	<u>52,829</u>	<u>-</u>
12. OTHER OPERATING EXPENSES		
Marketing Expenses	528,855	116,486
Energy	46,720	6,633
Licensing and registration	18,649	28,275
Operating supplies	48,169	10,861
Quality control	65,612	6,861
Safety, health and environment	168,844	71,749
Rent - Land & buildings	176,336	102,284
Repair and maintenance	90,296	33,649
Travelling Expenses	223,063	79,415
City service levy	1,427	-
Bank charges	29,639	7,838
Other Costs	30,217	24,189
	<u>1,427,827</u>	<u>488,240</u>
13. EMPLOYEES COSTS		
Salaries	1,765,752	501,076
National Social security charges (NSSF)	179,547	105,710
Workers Compensation Fund (WCF)	8,615	2,735
Skills and Development Levy (SDL)	62,779	8,240
Insurance - Health	101,846	11,247
Recruiting	14,517	19,501
Training	24,302	500
Meals and Drinks	134,216	10,529
Entertainment	10,724	2,160
Dues/fees/subscriptions	1,792	17,242
Meetings & seminars	3,259	743
Moving expense	30,760	-
Uniforms & laundry service	3,274	1,665
	<u>2,341,383</u>	<u>681,348</u>

The average number of persons employed during the year were as follows: 31 office and administration employees (2023: 3) and 37 production employees (2023: 9).

MAPINGA PREMIUM FOODS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (Continue)
 FOR THE YEAR ENDED 31 DECEMBER 2024

14. (a) TAXATION

	2024 TZS'000	2023 TZS'000
Accounting Loss before tax	(4,529,614)	(1,239,091)
At a statutory income tax of 30%	(1,358,884)	(371,727)
<i>Reconciling items:</i>		
Non-deductible expenses	18,528	2,250
Depreciation on non-qualifying assets	(16,807)	1,021
Deferred tax not recognized	1,357,163	368,457
Income Tax charge	-	-

14. (b) DEFERRED TAX

	2024 TZS'000	2023 TZS'000
Movement in the deferred tax assets was as follows		
At the beginning of the period	(368,457)	
Deferred tax credit for the period	(988,706)	(368,457)
As at 31st December 2024	(1,357,163)	(368,457)
Deferred tax not recognized	(1,357,163)	(368,457)
As at 31st December 2024	-	-

The deferred tax assets computed at the rate of 30% is attributable to the following items:

Items of Property and equipment	227,261	8,500
Tax Losses	(1,584,424)	(376,957)
Deferred Tax assets	(1,357,163)	(368,457)

MAPINGA PREMIUM FOODS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS(Continue)
 FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 TZS '000	2023 TZS '000
15. VAT RECOVERABLE		
VAT recoverable	<u>578,724</u>	<u>145,115</u>
	<u>578,724</u>	<u>145,115</u>
16. SHARE CAPITAL		
Authorized, Issued and fully paid 107,000 Ordinary shares of TZS 1,000 each (2023: 103,000 Ordinary shares of TZS 1,000 each)	<u>107,000</u>	<u>103,000</u>
	<u>107,000</u>	<u>103,000</u>
<p>In the year 2024, the board of directors authorized the issuance of new ordinary shares totalling to 4,000 at a face value of TZS 1,000 each. These ordinary shares were fully paid as at the end of the period being reported.</p>		
17. SHARE PREMIUM		
Authorized, Issued and fully paid		
As at 1 st January	4,149,384	
Capital contribution during the year	10,455,121	4,151,384
Issued to share capital	<u>(4,000)</u>	<u>(2,000)</u>
As at 31st December	<u>14,600,505</u>	<u>4,149,384</u>
18. TRADE AND OTHER RECEIVABLES		
Trade receivables	105,340	-
Prepaid expenses	165,080	43,168
Cost of goods sold prepayments	245,018	177,550
Deposits	<u>7,600</u>	<u>-</u>
	<u>523,038</u>	<u>220,719</u>
19. INVENTORIES		
Inventory raw materials	252,994	9,738
Inventory finished goods	34,694	-
Movement in provision for raw materials loss	<u>(3,224)</u>	<u>-</u>
	<u>284,464</u>	<u>9,738</u>

MAPINGA PREMIUM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continue)
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 TZS '000	2023 TZS '000
20. CASH AND CASH EQUIVALENTS		
Cash at Bank	208,133	1,221,141
Cash at mobile Network Operators (MNOs)	<u>288,926</u>	<u>-</u>
	<u>497,059</u>	<u>1,221,141</u>
21. LEASE LIABILITY		
	2024 TZS '000	2023 TZS '000
As at January	-	-
Additions	371,479	-
Interest Charge	22,146	-
Payment of lease liability	(196,008)	-
Forex loss on payment of lease	<u>(4,104)</u>	<u>-</u>
As at December	<u>193,513</u>	<u>-</u>
22. RIGHT OF USE ASSET		
Cost		
As at 1 January	-	-
Additions	<u>371,479</u>	<u>-</u>
As at 31 December	<u>371,479</u>	<u>-</u>
Accumulated depreciation		
As at 1 January	-	-
Charge for the year	(185,740)	-
As at 31 December	<u>(185,740)</u>	<u>-</u>
Net Carrying amount at 31 December	<u>185,740</u>	<u>-</u>

MAPINGA PREMIUM FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continue)
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 TZS '000	2023 TZS '000
23. TRADE AND OTHER PAYABLES		
Withholding tax payable	8,204	5,741
PAYE payable	36,881	43,531
Pension Payable	34,310	33,741
Other tax payable	6,007	5,905
Trade payable	67,399	77,476
Accrued expenses	106,308	37,028
Other payables	772	98,332
Employees payable	441	-
Goods received not invoiced	113,155	-
	<u>373,477</u>	<u>301,754</u>
 24. INTANGIBLE ASSETS		
COST		
As at 1 January	-	-
Additions	136,512	-
At 31 December	<u>136,512</u>	<u>-</u>
 Accumulated depreciation		
As at 1 January	-	-
Amortization for the year	(10,301)	-
At 31 December	<u>(10,301)</u>	<u>-</u>
 Net carrying amount at 31 December	 <u>126,211</u>	 <u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Continue)
FOR THE YEAR ENDED 31 DECEMBER 2024

25. PROPERTY, PLANT AND EQUIPMENT

	Land TZS'000	Buildings TZS'000	ICT equipment TZS'000	Motor vehicles TZS'000	Furniture & Fixtures TZS'000	Machine & equipment TZS'000	Work in Progress TZS'000	Goods In transit TZS'000	Total TZS'000
Cost									
At start of year	-	-	22,684	126,205	25,790	15,348	1,408,087	128,816	1,726,930
Additions	2,388,746	2,321,862	152,251	98,739	323,753	538,346	658		5,824,355
Transfer to PPE	-	1,408,087	-	-	-	128,816	1,408,087)	(128,816)	-
Disposals	-	-	-	(51,205)	-	-	-	-	(51,205)
At end of year	2,388,746	3,729,949	174,935	173,739	349,543	682,510	658	-	7,500,080
Depreciation									
At start of year	-	-	1,055	6,487	824	229	-	-	8,595
Charge for the year	-	76,026	26,669	19,388	32,157	35,124	-	-	189,364
Disposals	-	-	-	(8,433)	-	-	-	-	(8,433)
At end of year	-	76,026	27,724	17,442	32,981	35,353	-	-	189,526
Net carrying amount									
As at 31 December 2024	2,388,746	3,653,923	147,211	156,297	316,562	647,157	658	-	7,310,554
Cost									
At start of year	-	-	-	-	-	-	-	-	-
Additions	-	-	22,684	126,205	25,790	15,348	1,408,087	128,816	1,726,930
At end of year	-	-	22,684	126,205	25,790	15,348	1,408,087	128,816	1,726,930
Depreciation									
At start of year	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	1,055	6,487	824	229	-	-	8,595
At end of year	-	-	1,055	6,487	824	229	-	-	8,595
Net carrying amount									
As at 31 December 2023	-	-	21,629	119,718	24,966	15,119	1,408,087	128,816	1,718,335

MAPINGA PREMIUM FOODS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (Continue)
 FOR THE YEAR ENDED 31 DECEMBER 2024

26. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decision.

During the year there was no purchase or sale of goods or services with related parties (2023: Nil).

a) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly.

Remuneration of Directors and other members of key management during the year were as follows:

	2024	2023
	TZS'000	TZS'000
Directors' and key management remuneration	<u>1,223,996</u>	<u>635,594</u>
	<u>1,223,996</u>	<u>635,594</u>

b) Capital contribution

7HILLS Holding B.V.	1	1
Mapinga premium foods B.V (Ordinary shares)	106,999	102,999
Mapinga premium foods B.V (Share premium)	<u>14,600,505</u>	<u>4,149,384</u>
	<u>14,707,505</u>	<u>4,252,384</u>

27. EVENTS SUBSEQUENT TO THE PERIOD END

There are no events after the reporting period which require adjustment to or disclosure in the financial statements.

28. CURRENCY

These financial statements are presented in Tanzania shillings thousands (TZS '000).

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors on the date shown on the statement of financial position.