

M/S FAZAL DAD TANZANIA LIMITED
ANNUAL MANAGEMENT REPORT FOR THE YEAR ENDED 2025

TABLE OF CONTENTS

TABLE OF CONTENTS	2
CORPORATE INFORMATION	3
BUSINESS INFORMATION	4
MANAGEMENT REPORT	9
DECLARATION OF HEAD OF ACCOUNTING	10
INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT OF FAZAL DAD TANZANIA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2025	11
Report on the Audit of the Financial Statements.....	11
<i>Other Information</i>	11
Report on Other Legal and Regulatory Requirements.....	13
STATEMENT OF FINANCIAL POSITION	15
TRADING PROFIT AND LOSS ACCOUNT	16
STATEMENT OF CHANGES IN EQUITY.....	17
STATEMENT OF CASHFLOW	18
NOTES TO FINANCIAL REPORTS	19

M/S FAZAL DAD TANZANIA LIMITED

**CORPORATE INFORMATION
FOR THE YEAR ENDED 31st DECEMBER 2025**

REGISTERED OFFICE

M/S FAZAL DAD LIMITED
P.O.BOX 15101
DAR ES SALAAM TANZANIA

PRINCIPAL BANKER

CRDB BANK
BRANCH P.O.BOX 135
DAR ES SALAAM, TANZANIA

BUSINESS INFORMATION

1. INTRODUCTION

The Management submit their management report for the year ended 31 December 2025, which disclose the state of affairs of Fazal Dad Tanzania Limited, herein referred to as the "Company".

This report by those Charged with Governance, herein referred as Management, has been Prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No.1 issued by the National Board of Accountants and Auditors (NBAA).

2. ORGANIZATION BACKGROUND

Fazal Dad Tanzania Limited was established and incorporated in Tanzania as a Limited liability company on 23rd January, 2008 under the company Ordinance (cap. 212) and issued with a certificate of Incorporation No. 54204 dated 23rd January, 2008. Among its main objectives is to provide the Transport Services.

3. PRINCIPAL ACTIVITIES

The Company principal activity is to provide the Transport Services

4. CORPORATE GOVERNANCE

As at 31st December 2025, The Management takes overall responsibility for the Organization, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Management is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The management delegates the day-to-day management of the business to Director assisted by senior management. Senior Management where necessary is invited to attend management meetings and facilitates the effective control of all the Organizations operational activities, acting as a medium of communication and coordination between various business units.

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

5. OPERATIONAL RISKS AND INTERNAL CONTROL

Risk Management and Internal Control

The Management accept final responsibility for the risk management and internal control system of the Organization. It is the task of directors to ensure that adequate internal financial and operational control systems are developed and maintained on a going basis to provide reasonable assurance regarding:

- Effectiveness and efficiency of the operations;
- The safeguarding of the Organizations assets;
- Compliance with applicable laws and regulations
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders

The efficiency of any internal control system is dependent on strict observance of prescribed measure. 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 Organization system is designed to provide the Management with reasonable assurance that the procedures in place are operating effectively.

The Management assessed the internal control systems throughout the financial year ended 31 December 2025 and is of the opinion that they met accepted criteria. The Management is directly responsible for risk and internal control assessment as a separate audit committee is not considered necessary.

6. PERFORMANCE RESULTS

The Organizations financial performance is set out on page 16.

7. GOING CONCERN CONSIDERTAIONS

The state of affairs of the Organization as at 31 December 2025 is set out on page 15 of this report. And Organization will continue to operate for the foreseeable future and accordingly, the Financial Statements have been prepared on a going concern basis.

8. ENVIROMENT, SOCIAL AND GOVERNANCE

We remain conscious of Environmental, Social and Governance issues and have identified better ways of measuring what we have been doing. We are committed to reducing power consumption in our office premises by observing and eliminating all unnecessary usages of lighting and equipment. Awe have instilled a habit to switch off all appliances and lighting before leaving the office. Circulars are provided to employees elaborating on the importance of energy conservation for the current and future generations.

Corporate Social Responsibility is a key component in the Organization strategic thinking as the Organization that strives to ensure that local community's benefit from its operation. There were no Corporate Social Responsibility activities during the year.

9. RELATED PARTY TRANSACTIONS

Company is currently related to Bio sustain Tanzania Limited

10. POLITICAL AND CHARITABLE DONATIONS

The Organization did not make any political donations during the year (2025: Nil).

11. EMPLOYEE WELFARE

Management and employee relationship

Management/employee relationship continued to be good during the year. There were no unresolved complaints from the employees at the end of the year.

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

Training facilities

The Organization provides on-the-job training to all its employees in order to improve their technical skills and effectiveness. Where necessary, employees are also considered for external training courses that upgrade skills and enhance development.

People with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Organization continues, and appropriate training is arranged. It is the policy of the Organization that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Health and safety

A safe working environment is ensured for all employees. The Organization has a medical insurance policy in place to cover the medical expenses for each employee and his/her immediate family members.

Employees Benefit Plan

The Organization is paying contributions to the National Social Security Fund (NSSF) which is publicly administered mandatory pension plans and qualifies to be defined contribution plans.

Staff loans at statutory rates are available to all confirmed employees, depending on the assessment of the need and circumstances at the discretion of the management.

12. FIDUCIARY RESPONSIBILITY

Management as stewards of public trust always acted for the good of the Organization rather than for the benefit of themselves throughout the period. Reasonable care was exercised in all decisions taken by the Organization without placing the Organization under unnecessary risks.

13. ACCOUNTING POLICIES AND CRITICAL JUDGEMENT AND ESTIMATES

Results of the Organization 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 Managements" responsibility 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 Note 4 to the financial statements.

14. STATEMENT OF COMPLIANCE

Board of Directors confirm that report of those charged with governance has been prepared in accordance with Tanzania Financial Reporting Standards (TFRS) 1 issued by National Board of Accountants and Auditors (NBAA) and the operational activities of the Organization are in compliant with all relevant laws and regulations in Tanzania.

15. INDEPENDENT AUDITORS

The Organizations auditors, SEBA CONSULTING SERVICES, were appointed during the year and have expressed their willingness to continue in office as auditors and are eligible for reappointment subject to Organizations internal procedures and processes for selecting auditors on annual basis.

16. RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The Management of the Organization accept responsibility for preparing these financial statements which show a true and fair view of the organization to the date of approval of the audited financial statements, in accordance with the applicable standards, rules, regulations and legal provisions. The management also confirm compliance with the provisions of the requirements of TFRS 1 and all other statutory legislations relevant to the Organization.

By order of the Management



Date 20.01.2026

Director

M/S FAZAL DAD TANZANIA LIMITED

**STATEMENT OF MANAGEMENT'S REPORT FOR
THE YEAR ENDED 31 DECEMBER 2025**

MANAGEMENT REPORT

The Management is responsible for the preparation and fair presentation of the annual financial statements of Fazal Dad Tanzania Limited comprising the statement of financial position at 31 December 2025, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the report by those charged with governance, in accordance with International Financial Reporting Standards (IFRSs).

The management is also responsible for such internal control, as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The management has made an assessment of the ability of the Organization to continue as going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the financial statements

The financial statements, as indicated above, were approved by the management on 20.06.2025 and were signed on its behalf by:



Director

DECLARATION OF HEAD OF ACCOUNTING

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

It is the duty of a Professional Accountant to assist those Charged with Governance to discharge the responsibility of preparing Financial Statements of an entity-showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with those Charged with Governance as under Responsibility by Those Charged with Governance statement on an earlier page.

I Fabian Joseph being the Head of Accounting of Fazal Dad Tanzania Limited hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 December 2025 have been prepared in compliance with the International Financial Reporting Standards (IFRSs).

I thus confirm that the financial statements give a true and fair view position of Fazal Dad Tanzania Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: CPA Fabian Joseph

Position: Accountant

NBAA Membership No. 9972

20.01.2026

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

INDEPENDENT AUDITOR’S REPORT TO THE MANAGEMENT OF FAZAL DAD TANZANIA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2025

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fazal Dad Tanzania Limited (“the Company”), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Company financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter

Other Information

The Management is responsible for the other information. The other information comprises the Management’s Report as required by Tanzania Financial Reporting Standard 1. The other information does not include the financial statements and our auditors’ report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, 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 Management and Those Charged with Governance for Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by International Financial Reporting Standards and for such internal control as 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, Management is responsible for assessing the Company ability to continue as a going concern, disclosing, as applicable, matters related to going concerned and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error and to issue an 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

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 to express an opinion on the effectiveness of the Organizations 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 Organizations ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the statements represent the underlying transactions and events in a manner that achieves fair presentation.

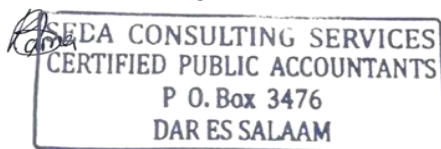
We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We report that:

- in our opinion, proper accounting records have been kept by Fazal Dad Tanzania Limited
- the individual accounts are in agreement with the accounting records of the organization; and
- We obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

SEBA Consulting Services



Signed by: Ibrahim Balama (ACPA 2984)

Dar es Salaam

Date: 20.6.2025

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

**M/S. FAZAL DAD TANZANIA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2025**

DETAILS	Notes	31.12.2025 TZS	31.12.2024 TZS
ASSETS			
Non-Current Assets	2	164,251,679.37	209,070,152.59
Current Assets			
Tax Receivable	8	-	17,034,207.28
Cash & Bank Balance	4	167,706,846.25	87,544,222.00
		<u>167,706,846.25</u>	<u>104,578,429.28</u>
TOTAL ASSETS		<u><u>331,958,525.62</u></u>	<u><u>313,648,581.87</u></u>
EQUITY AND LIABILITIES			
25,000 Ordinary Shares @ T.SHS 200,000/= Issued & Fully Paid Up		5,000,000,000.00	5,000,000,000.00
1,763 Ordinary Shares @T.SHS 200,000/= Retained Earnings		352,600,000.00 (73,807,959.25) 278,792,040.75	352,600,000.00 (217,007,497.45) 135,572,502.55
LIABILITIES			
Creditors and accrued	5	<u>53,166,484.86</u>	<u>178,076,079.31</u>
TOTAL CAPITAL AND LIABILITIES		<u><u>331,958,525.62</u></u>	<u><u>313,648,581.87</u></u>

Notes and related statements forming part of these financial statements appear on pages 15 to 30 and the Report of the Independent Auditors -Pages 9 to 11

The financial statements on pages 12 to 30 were approved and authorized for issue by the Management on 20.06.2025 and signed on its behalf by:



M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

M/S FAZAL DAD TANZANIA LIMITED
TRADING PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 2025

		31.12.2025	31.12.2024
	Notes	TZS	TZS
Transportation Income		1,270,273,440.11	634,553,474.00
Direct Costs	6	<u>768,712,597.00</u>	<u>484,014,907.00</u>
Gross Profit/Loss		<u>501,560,843.11</u>	<u>150,538,567.00</u>
Expanses			
Operating Expanses	7	<u>296,990,074.25</u>	<u>184,901,581.01</u>
Net Profit Before Tax		<u>204,570,768.86</u>	<u>(34,363,014.01)</u>
Tax		61,371,230.66	-
Profit After tax		143,199,538.20	(34,363,014.01)

Notes and related statements forming part of these financial statements appear on pages 15 to 30 and the Report of the Independent Auditors -Pages 9 to 11

The financial statements on pages 12 to 30 were approved and authorized for issue by the Management on 20.06.2025 and signed on its behalf by:



M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

M/S FAZAL DAD TANZANIA LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT 31ST DECEMBER, 2025

DETAILS	SHARE CAPITAL	TERM LOAN	RETAINED EARNINGS	TOTAL
As at 01.01.2024	352,600,000.00	-	(182,644,483.44)	169,955,516.56
Profit for the year share capital	-	-	(34,363,014.01)	(34,363,014.01)
As at 31.12. 2024	352,600,000.00	-	(217,007,497.45)	135,592,502.55

DETAILS	SHARE CAPITAL	TERM LOAN	RETAINED EARNINGS	TOTAL
As at 01.01.2025	352,600,000.00	-	(217,007,497.45)	135,592,502.55
Profit for the year share capital	-	-	143,199,538.20	143,199,538.20
As at 31.12. 2025	352,600,000.00	-	(73,807,959.25)	278,792,040.75

Notes and related statements forming part of these financial statements appear on pages 15 to 30 and the Report of the Independent Auditors -Pages 9 to 11

The financial statements on pages 12 to 30 were approved and authorized for issue by the Management on 20.06.2025 and signed on its behalf by:



M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

M/S. FAZAL DAD TANZANIA LIMITED

CASH FLOW STATEMENT

FOR THE YEARENDING 31stDECEMBER, 2025

	31.12.2025 TZS	31.12.2024 TZS
CASH FLOW FROM OPERATING ACTIVITIES		
Profit as per accounts	143,199,538.20	(34,363,014.01)
Add: Change in working capital: -		
Depreciation	44,818,473.22	59,395,243.58
(Increase) / decrease in Tax Receivable	-	-
(Increase) / decrease in debtors and Prepayments	17,034,207.28	(16,578,225.00)
Increase / (decrease) in creditors and Accruals	(124,909,594.45)	(161,434,164.00)
Net Cash Flow from Operating Activities (A)	80,142,624.25	(152,980,159.42)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	-
Net Cash Flow from Investments Activities (B)	-	-
Net increase/ decrease in cash and Bank balance	80,142,624.25	(152,980,159.42)
Opening Cash and Bank balance	87,564,222.86	240,544,382.28
Closing Cash and bank balance	167,706,847.11	87,564,222.86

Notes and related statements forming part of these financial statements appear on pages 15 to 30 and the Report of the Independent Auditors -Pages 9 to 11

The financial statements on pages 12 to 30 were approved and authorized for issue by the Management on 20.06.2025 and signed on its behalf by:



M/S FAZAL DAD TANZANIA LIMITED
ANNUAL MANAGEMENT REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTES TO FINANCIAL REPORTS

1. REPORTING ENTITY

M/S Fazal Dad Tanzania Limited (the “Company”) is a Company domiciled in Tanzania. The addresses of its registered office and Principal place of business are disclosed in the Management’s report. The financial statements of the organization are for the year ended 31 December 2025.

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board.

b) Going concern

The state of affairs of the organization as at 31 December 2025 is set out on page 13 of this report. And organization will continue to operate for the foreseeable future and accordingly, the Financial Statements have been prepared on a going concern basis.

c) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarized below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the organization uses market observable data as far as

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the organization using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset /liability that market participants would consider.

Fair values are categorized into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- 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).

Transfers between levels of the fair value hierarchy are recognized by the organization at the end of the reporting period during which the change occurred.

d) Foreign Currencies

Functional and Presentation Currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the organization operates, which is the Tanzanian Shillings („the functional currency“). The Financial Statements are presented in Tanzanian Shillings.

Foreign currencies transaction and translations

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the organization operates), which is Tanzanian Shillings.

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

Transactions in foreign currency during the year are converted into the functional currency using the exchange rates prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognized on a net basis in the Statement of comprehensive income in the year in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

The organization recognizes revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the Organization's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the transaction have been resolved. The organization bases its estimates on historical results, taking into consideration the type of transaction and specifics of each arrangement.

Grant Revenue

Grant is recognized as income over the period on a systematic basis to match the costs that it is intended to compensate.

b) Recognition of expenditures

The effects of expenses are recognized when they occur (and not as cash or its equivalent is paid) and they are recorded in the accounting records and reported in the Financial Statements of the periods to which they relate.

c) Property, plant, and equipment

All categories of property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, which is an integral part of the related hardware, is capitalized as part of the computer equipment.

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the organization over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are recognized in the statement of comprehensive income in the year in which they are incurred.

Depreciation is calculated using the straight-line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

The annual depreciation rates in use are.

Description	Useful Life (years)
Land	Nil
Building	40 years
Furniture and equipment	8 years
Motor vehicles	4 years
Computer equipment	8 years

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating results.

Property and equipment are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

d) Value Added Tax

Revenues, expenses, and assets are recognized net of the amount of Value Added Tax, except:

- Where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

- Receivables and payables that are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

e) Employee benefits Defined

contribution plans

The organization makes statutory Contributions to the National Social Security Fund (NSSF). The Organizations obligations in respect of contributions to such funds are 10% of the employees' gross emoluments. Contributions to these pension funds are recognized as an expense in the period the employees render the related services.

The organization has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Organizations contributions are recognized as an employee benefit expense when they are due.

Termination benefits

Termination benefits are recognized as an expense in the period when it becomes payable. Termination benefits are determined in accordance with the Tanzanian Labor Law.

Short term benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the

M/S FAZAL DAD TANZANIA LIMITED
ANNUAL MANAGMENT REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

organization has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

f) Provision for liabilities

Provisions are recognized when the organization has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

g) Impairment of non-financial assets

Non-financial assets that are carried at amortized cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

h) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. At the year end, bank overdrafts are included as borrowings under current liabilities.

i) Financial Instruments

Initial recognition

Financial instruments are recognized when, and only when, the organization becomes party to the contractual provisions of the instrument. All financial assets are recognized initially using the trade date accounting which is the date the organization commits itself to the purchase or sale.

Classification

The organization classifies its financial instruments into the following categories:

- i) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

terms of the financial asset give rise on specified dates to cash flows that are solely payments of Principal and interest on the principal amount outstanding, are classified and measured at amortized cost;

- ii) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of Principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income.
- iii) All other financial assets are classified and measured at fair value through profit or loss
- iv) Notwithstanding the above, the Company may:
 - on initial recognition of an equity investment that is not held for trading, irrevocably elect to
 - classify and measure it at fair value through other comprehensive income; and
 - on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- v) Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- vi) All other financial liabilities are classified and measured at amortized cost.

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables, and investments in government securities were classified as at amortized cost:

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

- Long term investments in non-quoted shares were classified by irrevocable election on initial recognition as at fair value through other comprehensive income.
- Other investments in shares were classified as at fair value through profit or loss.
- Borrowings and trade and other liabilities were classified as at amortized cost.

Initial measurement

On initial recognition:

- Financial assets or financial liabilities classified as at fair value through profit or loss are measured
- at fair value.
- Trade receivables are measured at their transaction price.
- All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, dividend income, and exchange gains and losses on monetary items are recognized in profit or loss.

Fair value is determined as set out in Note 2(c). Amortized cost is the amount at which the financial asset or liability is measured on initial recognition minus Principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Impairment

The organization recognizes a loss allowance for expected credit losses on debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognized in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Organization's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the organization does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Derecognition/write off

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired, when the organization has transferred substantially all risks and rewards of ownership, or when the organization has no reasonable expectations of recovering the asset.

Financial liabilities are derecognized only when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

j) Comparatives

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the accounting policies adopted by the organization, those Charged with Governance make certain judgements and estimates that may affect the amounts recognized in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

revisions to such judgements and estimates are recognized in the year in which the revision is made. Below are the accounting judgements and estimates adopted by the organization:

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The organization based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments may, however, change due to market changes or circumstances arising beyond the control of the organization. Such changes are reflected in the assumptions when they occur.

Asset useful lives

Critical estimates are made by those Charged with Governance in determining depreciation rates for property and equipment and their residual values. The depreciation rates are based on the estimated useful lives of the assets. The rates used are set out in Note 3(d) and the carrying amounts of property, plant and equipment are set in Note 14.

b) Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of the cash flow.

c) Taxes

The organization is subjected to several taxes and levies by various government and quasi-government regulatory bodies. As a rule of thumb, the organization recognizes liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management,

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the Revenue and liabilities in the period in which such differences are determined.

The management of the organization is confident that the organization is exempt from corporate tax and has therefore opted not to provide for the corporate tax in these financial statements subject to discussion and agreement with the Tanzania Revenue Authority on the taxability of the operations of the Organization.

5. FINANCIAL RISK MANAGEMENT

The organization Principal financial liabilities are comprised of trade and other payables. The organization does not enter into derivative transactions for trading purposes. The organization has various financial assets such as trade and other receivables, and cash and bank balances, which arise directly from its operations.

The main risks arising from the organization financial instruments are liquidity risk, market risk and credit risk. Market risk comprises interest rate risk, foreign exchange risk and price risk. The organization does not have significant exposure to interest risk and price risk since no interest bearing and price sensitive financial instruments are held.

Policies are reviewed and agreed upon at organization level in order to manage the financial risks as summarized below:

The Organizations overall risk management programmed seeks to minimize potential adverse effects on its financial performance. Risk management is carried out by management on behalf of those Charged with Governance and in line with the Organizations policies.

Foreign exchange risk

The organization has financial assets and financial liabilities denominated in foreign currencies. As a result, the organization is exposed to the impact of fluctuations in foreign currency exchange rates.

The Organizations main approach for mitigating foreign exchange risk is by making prompt payment and buying foreign currency whenever the rates movements are favorable. Furthermore, currency exposure arising from liabilities denominated in foreign currencies is managed primarily through holding of bank balances in the relevant foreign currencies.

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur financial loss. Financial assets which potentially expose the organization to credit risk consist of bank balances, trade, and other receivables.

The organization manages credit risk related to bank balances by banking with reputable regulated financial institutions. Management does not believe there is significant risk of non-performance by these counterparties. The organization monitors trade and other receivables" balances on a regular basis and makes provisions for impairment based on the expected collectability.

The organization does not grade the credit quality of receivables. All the receivables that are neither past due nor impaired are within their approved limits.

Liquidity risk

The Organizations approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damaging the Organizations reputation. Prudent liquidity risk management includes maintaining sufficient.

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 2: PLANT,
PROPERTY AND
EQUIPMENTS

ITEMS	NBV	ADDITIONS	TOTAL	RATE	DEPRECIATION	NBV	NBV
	01.01.2024		31.12.2024		CHARGE	31.12.2025	31.12.2024
Land	13,575,001.00	-	13,575,001.00	NIL	-	13,575,001.00	13,575,001.00
Apartments	14,460,712.24	-	14,460,712.24	4%	578,428.49	13,882,283.75	14,460,712.24
Motor Vehicle	172,885,918.50	-	172,885,918.50	25%	43,221,479.63	129,664,438.88	172,885,918.50
Furniture	4,362,202.80	-	4,362,202.80	12.5%	545,275.35	3,816,927.45	4,362,202.80
Motor cycle	508,384.95	-	508,384.95	12.5%	63,548.12	444,836.83	508,384.95
Generator	1,043,724.50	-	1,043,724.50	12.5%	130,465.56	913,258.94	1,043,724.50
Tool	2,234,208.59	-	2,234,208.59	12.5%	279,276.07	1,954,932.52	2,234,208.59
	209,070,152.59	-	209,070,152.59		44,818,473.22	164,251,679.37	209,070,152.59

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENT

NOTE 7: OPERATING EXPANSES

Travelling Expenses	3,465,000.00	9,162,000.00
Meal allowance	-	219,500.00
Business Licenses	1,680,000.00	1,680,000.00
Bank charge	243,776.00	95,700.00
Storage- SA	-	2,000,000.00
Road Toll	43,463,950.00	55,050,896.00
Audit fees	1,500,000.00	1,500,000.00
Depreciation	59,395,243.58	78,796,191.83
Parking Charge	6,634,000.00	1,912,000.00
Salaries and wages	22,200,000.00	34,950,000.00
Scrapped Container charge	8,639,694.00	
Transportation	6,873,800.00	-
Weighbridge charge	160,000.00	157,000.00
Cleaning	475,000.00	20,000.00
Service Levy	1,903,600.42	2,208,407.09
Insurance	-	246,000.00
Equipment- Repair	-	900,000.00
LATRA	2,334,000.00	206,220.00
Other Cost	-	610,500.00
Transport Cost	-	3,655,500.00
Road Permit	8,762,377.00	2,247,000.00
10% NSSF employers contribution	2,220,000.00	3,495,000.00
Loading and offloading	11,486,140.00	1,322,400.00
GPRS	3,465,000.00	-
SUMATRA	-	-
	<u>184,901,581.01</u>	<u>200,434,314.92</u>

NOTE 8: TAXATION

Opening Balance	(455,982.28)	-
Current Tax	-	11,021,713.52
Provision tax Paid	<u>(16,578,225.00)</u>	<u>(11,477,695.80)</u>
Taxation Receivable/Payable	<u>(17,034,207.28)</u>	<u>(455,982.28)</u>

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 3: DEBTORS AND PREPAYMENTS

	2025 TZS	2024 TZS
	-	-

NOTE 4: CASH AND BANK

Cash at Bank	167,706,846.25	87,544,222.00
	167,706,846.25	87,544,222.00

NOTE 5: CREDITORS AND ACCRUED

Bio sustain Tanzania	-	169,429,087.09
Service levy payable	-	4,112,007.51
VAT Payable	915,254.21	3,034,984.71
Audit fee	800,000.00	1,500,000.00
Tax Liabilities	51,451,230.65	
	53,166,484.86	178,076,079.31

NOTE 6: DIRECT COSTS

Repair & maintenance	78,390,200.00	63,687,700.00
Fuel & Lubricants	690,322,397.00	420,327,207.00
	768,712,597.00	484,014,907.00

NOTE 7: OPERATING EXPANSES

Travelling Expenses	45,265,000.00	3,465,000.00
Mileage	43,090,000.00	-
Casual Labour	18,054,000.00	-
Dumarage	9,637,950.00	-
Business Licenses	3,148,807.15	1,680,000.00
Bank charge	657,551.00	243,776.00
Road Toll	52,710,440.00	43,463,950.00
Audit fees	800,000.00	1,500,000.00
Telephone	2,938,173.00	-
Depreciation	44,818,473.22	59,395,243.58
Parking Charge	4,486,000.00	6,634,000.00
Salaries and wages	32,200,000.00	22,200,000.00
Scrapped Container charge	-	8,639,694.00
Transportation	5,644,000.00	6,873,800.00
Weighbridge charge	-	160,000.00
Cleaning	-	475,000.00
Service Levy	2,540,546.88	1,903,600.42
LATRA	4,024,137.00	2,334,000.00
Road Permit	16,072,396.00	8,762,377.00
10% NSSF employers contribution	3,220,000.00	2,220,000.00
Loading and offloading	4,228,600.00	11,486,140.00
GPRS	3,454,000.00	3,465,000.00
	296,990,074.25	184,901,581.01

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 8: TAXATION

Opening Balance	17,034,207.28	(455,982.28)
Current Tax	61,371,230.66	-
Tax Paid	<u>(26,954,207.28)</u>	<u>(16,578,225.00)</u>
Taxation Receivable/Payable	<u>51,451,230.65</u>	<u>(17,034,207.28)</u>

M/S FAZAL DAD TANZANIA LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENT FOR THE YEAR
2024

TABLE OF CONTENTS

TABLE OF CONTENTS	2
CORPORATE INFORMATION	3
BUSINESS INFORMATION	4
MANAGEMENT REPORT	9
DECLARATION OF HEAD OF ACCOUNTING	10
INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT OF FAZAL DAD TANZANIA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2024	11
Report on the Audit of the Financial Statements.....	11
<i>Other Information</i>	11
Report on Other Legal and Regulatory Requirements.....	13
STATEMENT OF FINANCIAL POSITION	15
TRADING PROFIT AND LOSS ACCOUNT	16
STATEMENT OF CHANGES IN EQUITY.....	17
STATEMENT OF CASHFLOW	18
NOTES TO FINANCIAL REPORTS	19

M/S FAZAL DAD TANZANIA LIMITED

**CORPORATE INFORMATION
FOR THE YEAR ENDED 31st DECEMBER 2024**

REGISTERED OFFICE

M/S FAZAL DAD LIMITED
P.O.BOX 15101
DAR ES SALAAM TANZANIA

PRINCIPAL BANKER

CRDB BANK
BRANCH P.O.BOX 135
DAR ES SALAAM, TANZANIA

BUSINESS INFORMATION

1. INTRODUCTION

The Management submit their report together with the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of Fazal Dad Tanzania Limited, herein referred to as the "Company".

This report by those Charged with Governance, herein referred as Management, has been Prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No.1 issued by the National Board of Accountants and Auditors (NBAA).

2. ORGANIZATION BACKGROUND

Fazal Dad Tanzania Limited was established and incorporated in Tanzania as a Limited liability company on 23rd January, 2008 under the company Ordinance (cap. 212) and issued with a certificate of Incorporation No. 54204 dated 23rd January, 2008. Among its main objectives is to provide the Transport Services.

3. PRINCIPAL ACTIVITIES

The Company principal activity is to provide the Transport Services

4. CORPORATE GOVERNANCE

As at 31st December 2024, The Management takes overall responsibility for the Organization, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Management is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The management delegates the day-to-day management of the business to Country Director assisted by senior management. Senior Management where necessary is invited to attend management meetings and facilitates the effective control of all the Organizations operational activities, acting as a medium of communication and coordination between various business units.

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

5. OPERATIONAL RISKS AND INTERNAL CONTROL

Risk Management and Internal Control

The Management accept final responsibility for the risk management and internal control system of the Organization. It is the task of directors to ensure that adequate internal financial and operational control systems are developed and maintained on a going basis to provide reasonable assurance regarding:

- Effectiveness and efficiency of the operations;
- The safeguarding of the Organizations assets;
- Compliance with applicable laws and regulations
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders

The efficiency of any internal control system is dependent on strict observance of prescribed measure. 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 Organization system is designed to provide the Management with reasonable assurance that the procedures in place are operating effectively.

The Management assessed the internal control systems throughout the financial year ended 31 December 2024 and is of the opinion that they met accepted criteria. The Management is directly responsible for risk and internal control assessment as a separate audit committee is not considered necessary.

6. PERFORMANCE RESULTS

The Organizations financial performance is set out on page 16.

7. GOING CONCERN CONSIDERTAIONS

The state of affairs of the Organization as at 31 December 2024 is set out on page 15 of this report. And Organization will continue to operate for the foreseeable future and accordingly, the Financial Statements have been prepared on a going concern basis.

8. ENVIROMENT, SOCIAL AND GOVERNANCE

We remain conscious of Environmental, Social and Governance issues and have identified better ways of measuring what we have been doing. We are committed to reducing power consumption in our office premises by observing and eliminating all unnecessary usages of lighting and equipment. Awe have instilled a habit to switch off all appliances and lighting before leaving the office. Circulars are provided to employees elaborating on the importance of energy conservation for the current and future generations.

Corporate Social Responsibility is a key component in the Organization strategic thinking as the Organization that strives to ensure that local community's benefit from its operation. There were no Corporate Social Responsibility activities during the year.

9. RELATED PARTY TRANSACTIONS

Company is currently related to Bio sustain Tanzania Limited

10. POLITICAL AND CHARITABLE DONATIONS

The Organization did not make any political donations during the year (2024: Nil).

11. EMPLOYEE WELFARE

Management and employee relationship

Management/employee relationship continued to be good during the year. There were no unresolved complaints from the employees at the end of the year.

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

Training facilities

The Organization provides on-the-job training to all its employees in order to improve their technical skills and effectiveness. Where necessary, employees are also considered for external training courses that upgrade skills and enhance development.

People with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Organization continues, and appropriate training is arranged. It is the policy of the Organization that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Health and safety

A safe working environment is ensured for all employees. The Organization has a medical insurance policy in place to cover the medical expenses for each employee and his/her immediate family members.

Employees Benefit Plan

The Organization is paying contributions to the National Social Security Fund (NSSF) which is publicly administered mandatory pension plans and qualifies to be defined contribution plans.

Staff loans at statutory rates are available to all confirmed employees, depending on the assessment of the need and circumstances at the discretion of the management.

12. FIDUCIARY RESPONSIBILITY

Management as stewards of public trust always acted for the good of the Organization rather than for the benefit of themselves throughout the period. Reasonable care was exercised in all decisions taken by the Organization without placing the Organization under unnecessary risks.

13. ACCOUNTING POLICIES AND CRITICAL JUDGEMENT AND ESTIMATES

Results of the Organization 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 Management's responsibility 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 Note 4 to the financial statements.

14. STATEMENT OF COMPLIANCE

Board of Directors confirm that report of those charged with governance has been prepared in accordance with Tanzania Financial Reporting Standards (TFRS) 1 issued by National Board of Accountants and Auditors (NBAA) and the operational activities of the Organization are in compliance with all relevant laws and regulations in Tanzania.

15. INDEPENDENT AUDITORS

The Organization's auditors, SEBA CONSULTING SERVICES, were appointed during the year and have expressed their willingness to continue in office as auditors and are eligible for reappointment subject to Organization's internal procedures and processes for selecting auditors on annual basis.

16. RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The Management of the Organization accept responsibility for preparing these financial statements which show a true and fair view of the organization to the date of approval of the audited financial statements, in accordance with the applicable standards, rules, regulations and legal provisions. The management also confirm compliance with the provisions of the requirements of TFRS 1 and all other statutory legislations relevant to the Organization.

By order of the Management



Date 20.06.2025

Director

M/S FAZAL DAD TANZANIA LIMITED

**STATEMENT OF MANAGEMENT'S REPORT FOR
THE YEAR ENDED 31 DECEMBER 2024**

MANAGEMENT REPORT

The Management is responsible for the preparation and fair presentation of the annual financial statements of Fazal Dad Tanzania Limited comprising the statement of financial position at 31 December 2024, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the report by those charged with governance, in accordance with International Financial Reporting Standards (IFRSs).

The management is also responsible for such internal control, as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The management has made an assessment of the ability of the Organization to continue as going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the financial statements

The financial statements, as indicated above, were approved by the management on 20.06.2025 and were signed on its behalf by:



Director

DECLARATION OF HEAD OF ACCOUNTING

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

It is the duty of a Professional Accountant to assist those Charged with Governance to discharge the responsibility of preparing Financial Statements of an entity-showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with those Charged with Governance as under Responsibility by Those Charged with Governance statement on an earlier page.

I Fabian Joseph being the Head of Accounting of Fazal Dad Tanzania Limited hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 December 2024 have been prepared in compliance with the International Financial Reporting Standards (IFRSs).

I thus confirm that the financial statements give a true and fair view position of Fazal Dad Tanzania Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: CPA Fabian Joseph

Position: Accountant

NBAA Membership No. 9972

20.06.2025

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

INDEPENDENT AUDITOR’S REPORT TO THE MANAGEMENT OF FAZAL DAD TANZANIA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2024

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fazal Dad Tanzania Limited (“the Company”), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Company financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter

Other Information

The Management is responsible for the other information. The other information comprises the Management’s Report as required by Tanzania Financial Reporting Standard 1. The other information does not include the financial statements and our auditors’ report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, 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 Management and Those Charged with Governance for Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by International Financial Reporting Standards and for such internal control as 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, Management is responsible for assessing the Company ability to continue as a going concern, disclosing, as applicable, matters related to going concerned and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error and to issue an 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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 to express an opinion on the effectiveness of the Organizations 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 Organizations ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the statements represent the underlying transactions and events in a manner that achieves fair presentation.

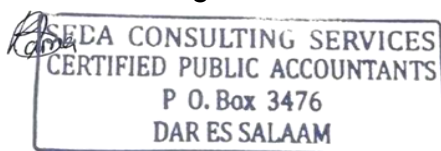
We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We report that:

- in our opinion, proper accounting records have been kept by Fazal Dad Tanzania Limited
- the individual accounts are in agreement with the accounting records of the organization; and
- We obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

SEBA Consulting Services



Signed by: Ibrahim Balama (ACPA 2984)

Dar es Salaam

Date: 20.6.2025

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF FIANCIAL POSITION
AS AT 31ST DECEMBER, 2024

DETAILS	Notes	31.12.2024 TZS	31.12.2023 TZS
ASSETS			
Non-Current Assets	2	209,070,152.59	268,465,396.17
Current Assets			
Tax Receivable	8	17,034,207.28	455,982.28
Cash & Bank Balance	4	87,544,222.00	240,544,382.03
		<u>104,578,429.28</u>	<u>241,000,364.31</u>
TOTAL ASSETS		<u>313,648,581.87</u>	<u>509,465,760.48</u>
EQUITY AND LIABILITIES			
25,000 Ordinary Shares @ T.SHS 200,000/= Issued & Fully Paid Up		5,000,000,000.00	5,000,000,000.00
1,763 Ordinary Shares @T.SHS 200,000/= Retained Earnings		352,600,000.00 (217,027,497.45) 135,572,502.55	352,600,000.00 (182,644,483.44) 169,955,516.56
LIABILITIES			
Creditors and accrued	5	<u>178,076,079.31</u>	<u>339,510,243.92</u>
TOTAL CAPITAL AND LIABILITIES		<u>313,648,581.87</u>	<u>509,465,760.48</u>

Notes and related statements forming part of these financial statements appear on pages 15 to 30 and the Report of the Independent Auditors -Pages 9 to 11

The financial statements on pages 12 to 30 were approved and authorized for issue by the Management on 20.06.2025 and signed on its behalf by:



M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

TRADING PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 2024

		31.12.2024	31.12.2023
	Notes	TZS	TZS
Transportation Income		634,533,474	736,135,697
Direct Costs	6	<u>484,014,907</u>	<u>498,962,337</u>
Gross Profit/Loss		<u>150,518,567</u>	<u>237,173,360</u>
Expanses			
Operating Expanses	7	<u>184,901,581</u>	<u>200,434,315</u>
Net Profit Before Tax		<u>- 34,383,014</u>	<u>36,739,045</u>
Tax		-	11,021,713.52
Profit After tax		(34,383,014.01)	25,717,331.56

Notes and related statements forming part of these financial statements appear on pages 15 to 30 and the Report of the Independent Auditors -Pages 9 to 11

The financial statements on pages 12 to 30 were approved and authorized for issue by the Management on 20.06.2025 and signed on its behalf by:



M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF CHANGES IN EQUITY
AS AT 31ST DECEMBER, 2024

	SHARE CAPITAL	TERM LOAN	RETAINED EARNINGS	TOTAL
As at 01.01.2024	352,600,000.00	-	(182,644,483.44)	169,955,516.56
Profit for the year share capital	-	-	(34,383,014.01)	(34,383,014.01)
As at 31.12. 2024	352,600,000.00	-	(217,027,497.45)	135,572,502.55

Notes and related statements forming part of these financial statements appear on pages 15 to 30 and the Report of the Independent Auditors -Pages 9 to 11

The financial statements on pages 12 to 30 were approved and authorized for issue by the Management on 20.06.2025 and signed on its behalf by:



M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

CASH FLOW STATEMENT

FOR THE YEARENDING 31stDECEMBER, 2024

	31.12.2024 TZS	31.12.2023 TZS
CASH FLOW FROM OPERATING ACTIVITIES		
Profit as per accounts	(34,383,014.01)	25,717,331.56
Add: Change in working capital: -		
Depreciation	59,395,244	78,796,192.00
(Increase) / decrease in Tax Receivable	(16,578,225.00)	(455,982.28)
(Increase) / decrease in debtors and Prepayments	-	52,845,452.00
Increase / (decrease) in creditors and Accruals	(161,434,164.61)	44,631,717.00
Net Cash Flow from Operating Activities (A)	(153,000,160.03)	201,534,710.28
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	-
Net Cash Flow from Investments Activities (B)	-	-
Net increase/ decrease in cash and Bank balance	<u>(153,000,160.03)</u>	<u>201,534,710.28</u>
Opening Cash and Bank balance	<u>240,544,382.28</u>	<u>39,009,672.00</u>
Closing Cash and bank balance	<u><u>87,544,222.24</u></u>	<u><u>240,544,382.28</u></u>

Notes and related statements forming part of these financial statements appear on pages 15 to 30 and the Report of the Independent Auditors -Pages 9 to 11

The financial statements on pages 12 to 30 were approved and authorized for issue by the Management on 20.06.2025 and signed on its behalf by:



M/S FAZAL DAD TANZANIA LIMITED
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO FINANCIAL REPORTS

1. REPORTING ENTITY

M/S Fazal Dad Tanzania Limited (the “Company”) is a Company domiciled in Tanzania. The addresses of its registered office and Principal place of business are disclosed in the Management’s report. The financial statements of the organization are for the year ended 31 December 2024.

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board.

b) Going concern

The state of affairs of the organization as at 31 December 2024 is set out on page 13 of this report. And organization will continue to operate for the foreseeable future and accordingly, the Financial Statements have been prepared on a going concern basis.

c) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarized below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the organization uses market observable data as far as

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the organization using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset /liability that market participants would consider.

Fair values are categorized into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- 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).

Transfers between levels of the fair value hierarchy are recognized by the organization at the end of the reporting period during which the change occurred.

d) Foreign Currencies

Functional and Presentation Currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the organization operates, which is the Tanzanian Shillings („the functional currency“). The Financial Statements are presented in Tanzanian Shillings.

Foreign currencies transaction and translations

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the organization operates), which is Tanzanian Shillings.

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Transactions in foreign currency during the year are converted into the functional currency using the exchange rates prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognized on a net basis in the Statement of comprehensive income in the year in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

The organization recognizes revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the Organization's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the transaction have been resolved. The organization bases its estimates on historical results, taking into consideration the type of transaction and specifics of each arrangement.

Grant Revenue

Grant is recognized as income over the period on a systematic basis to match the costs that it is intended to compensate.

b) Recognition of expenditures

The effects of expenses are recognized when they occur (and not as cash or its equivalent is paid) and they are recorded in the accounting records and reported in the Financial Statements of the periods to which they relate.

c) Property, plant, and equipment

All categories of property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, which is an integral part of the related hardware, is capitalized as part of the computer equipment.

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the organization over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are recognized in the statement of comprehensive Income in the year in which they are incurred.

Depreciation is calculated using the straight-line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

The annual depreciation rates in use are.

Description	Useful Life (years)
Land	Nil
Building	40 years
Furniture and equipment	8 years
Motor vehicles	4 years
Computer equipment	8 years

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating results.

Property and equipment are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

d) Value Added Tax

Revenues, expenses, and assets are recognized net of the amount of Value Added Tax, except:

- Where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

- Receivables and payables that are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

e) Employee benefits Defined

contribution plans

The organization makes statutory Contributions to the National Social Security Fund (NSSF). The Organizations obligations in respect of contributions to such funds are 10% of the employees' gross emoluments. Contributions to these pension funds are recognized as an expense in the period the employees render the related services.

The organization has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Organizations contributions are recognized as an employee benefit expense when they are due.

Termination benefits

Termination benefits are recognized as an expense in the period when it becomes payable. Termination benefits are determined in accordance with the Tanzanian Labor Law.

Short term benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

organization has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

f) Provision for liabilities

Provisions are recognized when the organization has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

g) Impairment of non-financial assets

Non-financial assets that are carried at amortized cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

h) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. At the year end, bank overdrafts are included as borrowings under current liabilities.

i) Financial Instruments

Initial recognition

Financial instruments are recognized when, and only when, the organization becomes party to the contractual provisions of the instrument. All financial assets are recognized initially using the trade date accounting which is the date the organization commits itself to the purchase or sale.

Classification

The organization classifies its financial instruments into the following categories:

- i) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

terms of the financial asset give rise on specified dates to cash flows that are solely payments of Principal and interest on the principal amount outstanding, are classified and measured at amortized cost;

- ii) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of Principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income.
- iii) All other financial assets are classified and measured at fair value through profit or loss
- iv) Notwithstanding the above, the Company may:
 - on initial recognition of an equity investment that is not held for trading, irrevocably elect to
 - classify and measure it at fair value through other comprehensive income; and
 - on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- v) Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- vi) All other financial liabilities are classified and measured at amortized cost.

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables, and investments in government securities were classified as at amortized cost:

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

- Long term investments in non-quoted shares were classified by irrevocable election on initial recognition as at fair value through other comprehensive income.
- Other investments in shares were classified as at fair value through profit or loss.
- Borrowings and trade and other liabilities were classified as at amortized cost.

Initial measurement

On initial recognition:

- Financial assets or financial liabilities classified as at fair value through profit or loss are measured
- at fair value.
- Trade receivables are measured at their transaction price.
- All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, dividend income, and exchange gains and losses on monetary items are recognized in profit or loss.

Fair value is determined as set out in Note 2(c). Amortized cost is the amount at which the financial asset or liability is measured on initial recognition minus Principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Impairment

The organization recognizes a loss allowance for expected credit losses on debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognized in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Organization's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the organization does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Derecognition/write off

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired, when the organization has transferred substantially all risks and rewards of ownership, or when the organization has no reasonable expectations of recovering the asset.

Financial liabilities are derecognized only when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

j) Comparatives

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the accounting policies adopted by the organization, those Charged with Governance make certain judgements and estimates that may affect the amounts recognized in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

revisions to such judgements and estimates are recognized in the year in which the revision is made. Below are the accounting judgements and estimates adopted by the organization:

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The organization based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments may, however, change due to market changes or circumstances arising beyond the control of the organization. Such changes are reflected in the assumptions when they occur.

Asset useful lives

Critical estimates are made by those Charged with Governance in determining depreciation rates for property and equipment and their residual values. The depreciation rates are based on the estimated useful lives of the assets. The rates used are set out in Note 3(d) and the carrying amounts of property, plant and equipment are set in Note 14.

b) Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of the cash flow.

c) Taxes

The organization is subjected to several taxes and levies by various government and quasi-government regulatory bodies. As a rule of thumb, the organization recognizes liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management,

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the Revenue and liabilities in the period in which such differences are determined.

The management of the organization is confident that the organization is exempt from corporate tax and has therefore opted not to provide for the corporate tax in these financial statements subject to discussion and agreement with the Tanzania Revenue Authority on the taxability of the operations of the Organization.

5. FINANCIAL RISK MANAGEMENT

The organization Principal financial liabilities are comprised of trade and other payables. The organization does not enter into derivative transactions for trading purposes. The organization has various financial assets such as trade and other receivables, and cash and bank balances, which arise directly from its operations.

The main risks arising from the organization financial instruments are liquidity risk, market risk and credit risk. Market risk comprises interest rate risk, foreign exchange risk and price risk. The organization does not have significant exposure to interest risk and price risk since no interest bearing and price sensitive financial instruments are held.

Policies are reviewed and agreed upon at organization level in order to manage the financial risks as summarized below:

The Organizations overall risk management programmed seeks to minimize potential adverse effects on its financial performance. Risk management is carried out by management on behalf of those Charged with Governance and in line with the Organizations policies.

Foreign exchange risk

The organization has financial assets and financial liabilities denominated in foreign currencies. As a result, the organization is exposed to the impact of fluctuations in foreign currency exchange rates.

The Organizations main approach for mitigating foreign exchange risk is by making prompt payment and buying foreign currency whenever the rates movements are favorable. Furthermore, currency exposure arising from liabilities denominated in foreign currencies is managed primarily through holding of bank balances in the relevant foreign currencies.

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur financial loss. Financial assets which potentially expose the organization to credit risk consist of bank balances, trade, and other receivables.

The organization manages credit risk related to bank balances by banking with reputable regulated financial institutions. Management does not believe there is significant risk of non-performance by these counterparties. The organization monitors trade and other receivables' balances on a regular basis and makes provisions for impairment based on the expected collectability.

The organization does not grade the credit quality of receivables. All the receivables that are neither past due nor impaired are within their approved limits.

Liquidity risk

The Organizations approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damaging the Organizations reputation. Prudent liquidity risk management includes maintaining sufficient.

M/S FAZAL DAD TANZANIA LIMITED ANNUAL

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 2 PPE

ITEMS	NBV	ADDITIONS	TOTAL	RATE	DEPRECIATION	NBV	NBV
	01.01.2024		31.12.2024		CHARGE	31.12.2024	31.12.2023
Land	13,575,001.00	-	13,575,001.00	NIL	-	13,575,001.00	13,575,001.00
Apartments	15,063,241.92	-	15,063,241.92	4%	602,529.68	14,460,712.24	15,063,241.92
Motor Vehicle	230,514,558.00	-	230,514,558.00	25%	57,628,639.50	172,885,918.50	230,514,558.00
Furniture	4,985,374.63	-	4,985,374.63	12.5%	623,171.83	4,362,202.80	4,985,374.63
Motor cycle	581,011.38	-	581,011.38	12.5%	72,626.42	508,384.95	581,011.38
Generator	1,192,828.00	-	1,192,828.00	12.5%	149,103.50	1,043,724.50	1,192,828.00
Tool	2,553,381.25	-	2,553,381.25	12.5%	319,172.66	2,234,208.59	2,553,381.25
	268,465,396.17	-	268,465,396.17		59,395,243.58	209,070,152.59	268,465,396.17

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENT

NOTE 3: DEBTORS AND PREPAYMENTS

	2024	TZS	2023	TZS
Group Badat Limited	-	-	-	-
Trust Industries	-	-	-	-
Amani Logistics	-	-	-	-
Transcend Global	-	-	-	-
	<u>-</u>	-	<u>-</u>	-

NOTE 4: CASH AND BANK

Cash at Bank	87,544,222.00	-	240,544,382.00	-
	<u>87,544,222.00</u>	-	<u>240,544,382.00</u>	-

NOTE 5: CREDITORS AND ACCRUED

Bio sustain Tanzania	169,429,087.09	-	335,801,836.83	-
Service levy payable	4,112,007.51	-	2,208,407.09	-
VAT Payable	3,034,984.71	-	-	-
Audit fee	1,500,000.00	-	1,500,000.00	-
	<u>178,076,079.31</u>	-	<u>339,510,243.92</u>	-

NOTE 6: DIRECT COSTS

Repair & maintenance	63,687,700.00	-	69,772,814.00	-
Fuel & Lubricants	420,327,207.00	-	429,189,523.00	-
	<u>484,014,907.00</u>	-	<u>498,962,337.00</u>	-

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENT

NOTE 7: OPERATING EXPANSES

Travelling Expenses	3,465,000.00	9,162,000.00
Meal allowance	-	219,500.00
Business Licenses	1,680,000.00	1,680,000.00
Bank charge	243,776.00	95,700.00
Storage- SA	-	2,000,000.00
Road Toll	43,463,950.00	55,050,896.00
Audit fees	1,500,000.00	1,500,000.00
Depreciation	59,395,243.58	78,796,191.83
Parking Charge	6,634,000.00	1,912,000.00
Salaries and wages	22,200,000.00	34,950,000.00
Scrapped Container charge	8,639,694.00	
Transportation	6,873,800.00	-
Weighbridge charge	160,000.00	157,000.00
Cleaning	475,000.00	20,000.00
Service Levy	1,903,600.42	2,208,407.09
Insurance	-	246,000.00
Equipment- Repair	-	900,000.00
LATRA	2,334,000.00	206,220.00
Other Cost	-	610,500.00
Transport Cost	-	3,655,500.00
Road Permit	8,762,377.00	2,247,000.00
10% NSSF employers contribution	2,220,000.00	3,495,000.00
Loading and offloading	11,486,140.00	1,322,400.00
GPRS	3,465,000.00	-
SUMATRA	-	-
	<u>184,901,581.01</u>	<u>200,434,314.92</u>

NOTE 8: TAXATION

Opening Balance	(455,982.28)	-
Current Tax	-	11,021,713.52
Provision tax Paid	<u>(16,578,225.00)</u>	<u>(11,477,695.80)</u>
Taxation Receivable/Payable	<u>(17,034,207.28)</u>	<u>(455,982.28)</u>

M/S FAZAL DAD TANZANIA LIMITED
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

M/S FAZAL DAD TANZANIA LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENT
FOR THE YEAR 2023

TABLE OF CONTENTS

TABLE OF CONTENTS..... 2

CORPORATE INFORMATION 3

BUSINESS INFORMATION 4

MANAGEMENT REPORT 9

DECLARATION OF HEAD OF ACCOUNTING 10

INDEPENDENT AUDITOR’S REPORT TO THE MANAGEMENT OF FAZAL DAD TANZANIA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023 11

Report on the Audit of the Financial Statements 11

Other Information..... 11

Report on Other Legal and Regulatory Requirements..... 13

STATEMENT OF FIANCIAL POSITION..... 15

TRADING PROFIT AND LOSS ACCOUNT..... 16

STATEMENT OF CHANGES IN EQUITY. 17

STATEMENT OF CASHFLOW 18

NOTES TO FINACIAL REPORTS 19

M/S FAZAL DAD TANZANIA LIMITED

CORPORATE INFORMATION

FOR THE YEAR ENDED 31st DECEMBER 2023

REGISTERED OFFICE

M/S FAZAL DAD LIMITED

P.O.BOX 15101

DAR ES SALAAM

TANZANIA

INDEPENDENT AUDITOR

SEBA CONSULTING SERVICES

BAGAMOYO ROAD, BAMAGA BUS STATION

DORA HOUSE, 3RD FLOOR, OPPOSITE TIE

P.O BOX 3476

DAR ES SALAAM

PRINCIPAL BANKER

CRDB BANK

SINGIDA BRANCH

P.O.BOX 135

DAR ES SALAAM, TANZANIA

BUSINESS INFORMATION

1. INTRODUCTION

The Management submit their report together with the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of Fazal Dad Tanzania Limited, herein referred to as the "Company".

This report by those Charged with Governance, herein referred as Management, has been

Prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No.1 issued by the National Board of Accountants and Auditors (NBAA).

2. ORGANIZATION BACKGROUND

Fazal Dad Tanzania Limited was established and incorporated in Tanzania as a Limited liability company on 23rd January, 2008 under the company Ordinance (cap. 212) and issued with a certificate of Incorporation No. 54204 dated 23rd January, 2008. Among its main objectives is to provide the Transport Services.

3. PRINCIPAL ACTIVITIES

The Company principal activity is to provide the Transport Services

4. CORPORATE GOVERNANCE

As at 31st December 2023, The Management takes overall responsibility for the Organization, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Management is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The management delegates the day-to-day management of the business to Country Director assisted by senior management. Senior Management where necessary is invited to attend management meetings and facilitates the effective control of all the Organization's operational activities, acting as a medium of communication and coordination between various business units.

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

5. OPERATIONAL RISKS AND INTERNAL CONTROL

Risk Management and Internal Control

The Management accept final responsibility for the risk management and internal control system of the Organization. It is the task of directors to ensure that adequate internal financial and operational control systems are developed and maintained on a going basis to provide reasonable assurance regarding:

- Effectiveness and efficiency of the operations;
- The safeguarding of the Organizations assets;
- Compliance with applicable laws and regulations
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders

The efficiency of any internal control system is dependent on strict observance of prescribed measure. 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 Organization system is designed to provide the Management with reasonable assurance that the procedures in place are operating effectively.

The Management assessed the internal control systems throughout the financial year ended 31 December 2023 and is of the opinion that they met accepted criteria. The Management is directly responsible for risk and internal control assessment as a separate audit committee is not considered necessary.

6. PERFORMANCE RESULTS

The Organization's financial performance is set out on page 16.

7. GOING CONCERN CONSIDERTAIONS

The state of affairs of the Organization as at 31 December 2023 is set out on page 15 of this report. And Organization will continue to operate for the foreseeable future and accordingly, the Financial Statements have been prepared on a going concern basis.

8. ENVIROMENT, SOCIAL AND GOVERNANCE

We remain conscious of Environmental, Social and Governance issues and have identified better ways of measuring what we have been doing. We are committed to reducing power consumption in our office premises by observing and eliminating all unnecessary usages of lighting and equipment. Awe have instilled a habit to switch off all appliances and lighting before leaving the office. Circulars are provided to employees elaborating on the importance of energy conservation for the current and future generations.

Corporate Social Responsibility is a key component in the Organization strategic thinking as the Organization that strives to ensure that local community's benefit from its operation. There were no Corporate Social Responsibility activities during the year.

9. RELATED PARTY TRANSACTIONS

Company is currently related to Bio sustain Tanzania Limited

10. POLITICAL AND CHARITABLE DONATIONS

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

11. EMPLOYEE WELFARE

Management and employee relationship

Management/employee relationship continued to be good during the year. There were no unresolved complaints from the employees at the end of the year.

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

Training facilities

The Organization provides on-the-job training to all its employees in order to improve their technical skills and effectiveness. Where necessary, employees are also considered for external training courses that upgrade skills and enhance development.

People with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Organization continues, and appropriate training is arranged. It is the policy of the Organization that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Health and safety

A safe working environment is ensured for all employees. The Organization has a medical insurance policy in place to cover the medical expenses for each employee and his/her immediate family members.

Employees Benefit Plan

The Organization is paying contributions to the National Social Security Fund (NSSF) which is publicly administered mandatory pension plans and qualifies to be defined contribution plans.

Staff loans at statutory rates are available to all confirmed employees, depending on the assessment of the need and circumstances at the discretion of the management.

12. FIDUCIARY RESPONSIBILITY

Management as stewards of public trust always acted for the good of the Organization rather than for the benefit of themselves throughout the period. Reasonable care was exercised in all decisions taken by the Organization without placing the Organization under unnecessary risks.

13. ACCOUNTING POLICIES AND CRITICAL JUDGEMENT AND ESTIMATES

Results of the Organization 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 Managements" responsibility 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 Note 4 to the financial statements.

14. STATEMENT OF COMPLIANCE

Board of Directors confirm that report of those charged with governance has been prepared in accordance with Tanzania Financial Reporting Standards (TFRS) 1 issued by National Board of Accountants and Auditors (NBAA) and the operational activities of the Organization are in compliant with all relevant laws and regulations in Tanzania.

15. INDEPENDENT AUDITORS

The Organization's auditors, SEBA Consulting Services, were appointed during the year and have expressed their willingness to continue in office as auditors and are eligible for reappointment subject to Organization's internal procedures and processes for selecting auditors on annual basis.

16. RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The Management of the Organization accept responsibility for preparing these financial statements which show a true and fair view of the Organization to the date of approval of the audited financial statements, in accordance with the applicable standards, rules, regulations and legal provisions. The management also confirm compliance with the provisions of the requirements of TFRS 1 and all other statutory legislations relevant to the Organization.

By order of the Management

Handwritten mark

A handwritten signature in black ink, appearing to be 'H. Müller', written in a cursive style.

Date 19.05.2024

Director

M/S FAZAL DAD TANZANIA LIMITED

**STATEMENT OF MANAGEMENT'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

MANAGEMENT REPORT

The Management is responsible for the preparation and fair presentation of the annual financial statements of Fazal Dad Tanzania Limited comprising the statement of financial position at 31 December 2023, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the report by those charged with governance, in accordance with International Financial Reporting Standards (IFRSs).

The management is also responsible for such internal control, as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The management has made an assessment of the ability of the Organization to continue as going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the financial statements

The financial statements, as indicated above, were approved by the management on 19.05.2024 and were signed on its behalf by:



Director

DECLARATION OF HEAD OF ACCOUNTING

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

It is the duty of a Professional Accountant to assist those Charged with Governance to discharge the responsibility of preparing Financial Statements of an entity-showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with those Charged with Governance as under Responsibility by Those Charged with Governance statement on an earlier page.

I **Fabian J. Mwashu** being the Head of Accounting of Fazal Dad Tanzania Limited hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 December 2023 have been prepared in compliance with the International Financial Reporting Standards (IFRSs).

I thus confirm that the financial statements give a true and fair view position of Fazal Dad Tanzania Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: CPA Fabian Joseph

Position: ACCOUNTANT

NBAA Membership No; 9972

Date: 20.05.2024

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT OF FAZAL DAD TANZANIA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fazal Dad Tanzania Limited (“the Company”), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Company financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter

Other Information

The Management is responsible for the other information. The other information comprises the Managements" Report as required by Tanzania Financial Reporting Standard 1. The other information does not include the financial statements and our auditors" report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, 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 Management and Those Charged with Governance for Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by International Financial Reporting Standards and for such internal control as 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, Management is responsible for assessing the Company ability to continue as a going concern, disclosing, as applicable, matters related to going concerned and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error and to issue an auditor" 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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 to express an opinion on the effectiveness of the Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the statements represent the underlying transactions and events in a manner that achieves fair presentation.
-

We communicate with management 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

We report that:

- in our opinion, proper accounting records have been kept by Fazal Dad Tanzania Limited
- the individual accounts are in agreement with the accounting records of the Organization; and
- We obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

M/S FAZAL DAD TANZANIA LIMITED
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

SEBA Consulting Services



Signed by: Ibrahim Balama (ACPA 2984)

Dar es Salaam

Date: 20.6.2024

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF FINANCIAL
POSITION

DETAILS	Notes	31.12.2023 TZS	31.12.2022 TZS
ASSETS			
Non-Current Assets	6	268,465,396	347,261,588
Current Assets			
Debtors & Prepayments	7	-	52,845,452
Tax Receivable		455,982	-
Cash & Bank Balance	8	240,544,382	39,009,672
		<u>241,000,364</u>	<u>91,855,124</u>
TOTAL ASSETS		<u>509,465,760</u>	<u>439,116,712</u>
EQUITY AND LIABILITIES			
25,000 Ordinary Shares @ T.SHS 200,000/=		5,000,000,000	5,000,000,000
Issued & Fully Paid Up 1,763 Ordinary Shares @T.SHS 200,000/=		352,600,000	352,600,000
Retained Earnings		(182,644,483.44)	(208,361,815.00)
		169,955,517	144,238,185
LIABILITIES			
Creditors and Accrued	9	<u>339,510,244</u>	<u>294,878,527</u>
TOTAL CAPITAL AND LIABILITIES		<u>509,465,760</u>	<u>439,116,712</u>

Notes and related statements forming part of these financial statements appear on pages 15 to 30 and the Report of the Independent Auditors -Pages 9 to 11

The financial statements on pages 12 to 30 were approved and authorized for issue by the Management on 19.05.2024 and signed on its behalf by:



M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

TRADING PROFIT AND LOSS ACCOUNT

		31.12.2023	31.12.2022
	Notes	TZS	TZS
Transportation Income		736,135,697	366,075,424
Direct Costs	10	498,962,337	219,784,029
Gross Profit/Loss		237,173,360	146,291,395
Expanses			
Operating Expenses	11	200,434,315	235,378,734
Net Profit Before Tax		36,739,045	- 89,087,339
Tax		11,021,713.52	-
Profit After tax		25,717,331.56	(89,087,339.00)

Notes and related statements forming part of these financial statements appear on pages 15 to 30 and the Report of the Independent Auditors -Pages 9 to 11

The financial statements on pages 12 to 30 were approved and authorized for issue by the Management on 19.05.2024 and signed on its behalf by:



M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF CHANGES IN EQUITY.

	SHARE CAPITAL	TERM LOAN	RETAINED EARNINGS	TOTAL
As at 01.01.2023	352,600,000.00	-	(208,361,815.00)	144,238,185.00
Profit for the year	-	-	25,717,331.56	(89,087,339.00)
Advance Towards share capital	-	-	-	-
As at 31.12. 2023	352,600,000.00	-	(182,644,483.44)	55,150,846.00

Notes and related statements forming part of these financial statements appear on pages 15 to 30 and the Report of the Independent Auditors -Pages 9 to 11

The financial statements on pages 12 to 30 were approved and authorized for issue by the Management on 19.05.2024 and signed on its behalf by:



M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF CASHFLOW

	31.12.2023 TZS	31.12.2022 TZS
CASH FLOW FROM OPERATING ACTIVITIES		
Profit as per accounts	25,717,332	(89,087,339.00)
Adjustment for prior year tax	-	-
Add: items not involving movement of Funds and working capital: -		
Depreciation	78,796,192	88,292,131.00
(Increase) / decrease in Tax Receivable	(455,982.28)	-
(Increase) / decrease in debtors and Prepayments	52,845,452	(37,938,714.00)
Increase / (decrease) in creditors and Accruals	44,631,717	285,755,782.00
Net Cash Flow Operating Activities	201,534,710	247,021,860
Tax paid	-	-
Net Cash Flow from Operating Activities after Tax(A)	201,534,710	247,021,860
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(294,122,833.00)
Net Cash Flow from Investments Activities (B)	-	(294,122,833.00)
Net increase/ decrease in cash and Bank balance	<u>201,534,710.03</u>	<u>(47,100,973.00)</u>
Opening Cash and Bank balance	<u>39,009,672.00</u>	<u>86,110,645.00</u>
Closing Cash and bank balance	<u><u>240,544,382.03</u></u>	<u><u>39,009,672.00</u></u>

Notes and related statements forming part of these financial statements appear on pages 15 to 30 and the Report of the Independent Auditors -Pages 9 to 11

The financial statements on pages 12 to 30 were approved and authorized for issue by the Management on 19.05.2024 and signed on its behalf by:



M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO FINACIAL REPORTS

1. REPORTING ENTITY

M/S Fazal Dad Tanzania Limited (the “Company”) is a Company domiciled in Tanzania. The addresses of its registered office and Principal place of business are disclosed in the Managements report. The financial statements of the Organization are for the year ended 31 December 2023.

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board.

b) Going concern

The state of affairs of the Organization as at 31 December 2023 is set out on page 13 of this report. And Organization will continue to operate for the foreseeable future and accordingly, the Financial Statements have been prepared on a going concern basis.

c) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarized below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Organization uses market observable data as far as

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Organization using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset /liability that market participants would consider.

Fair values are categorized into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- 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).

Transfers between levels of the fair value hierarchy are recognized by the Organization at the end of the reporting period during which the change occurred.

d) Foreign Currencies

Functional and Presentation Currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Organization operates, which is the Tanzanian Shillings („the functional currency“). The Financial Statements are presented in Tanzanian Shillings.

Foreign currencies transaction and translations

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Organization operates), which is Tanzanian Shillings.

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Transactions in foreign currency during the year are converted into the functional currency using the exchange rates prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognized on a net basis in the Statement of comprehensive income in the year in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

The Organization recognizes revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the Organization's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the transaction have been resolved. The Organization bases its estimates on historical results, taking into consideration the type of transaction and specifics of each arrangement.

Grant Revenue

Grant is recognized as income over the period on a systematic basis to match the costs that it is intended to compensate.

b) Recognition of expenditures

The effects of expenses are recognized when they occur (and not as cash or its equivalent is paid) and they are recorded in the accounting records and reported in the Financial Statements of the periods to which they relate.

c) Property, plant, and equipment

All categories of property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, which is an integral part of the related hardware, is capitalized as part of the computer equipment.

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the Organization over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are recognized in the statement of comprehensive Income in the year in which they are incurred.

Depreciation is calculated using the straight-line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

The annual depreciation rates in use are.

Description	Useful Life (years)
Land	Nil
Building	40 years
Furniture and equipment	8 years
Motor vehicles	4 years
Computer equipment	8 years

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating results.

Property and equipment are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

d) Value Added Tax

Revenues, expenses, and assets are recognized net of the amount of Value Added Tax, except:

- Where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

e) Employee benefits

Defined contribution plans

The Organization makes statutory Contributions to the National Social Security Fund (NSSF). The Organization's obligations in respect of contributions to such funds are 10% of the employees' gross emoluments. Contributions to these pension funds are recognized as an expense in the period the employees render the related services.

The Organization has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The organization's contributions are recognized as an employee benefit expense when they are due.

Termination benefits

Termination benefits are recognized as an expense in the period when it becomes payable. Termination benefits are determined in accordance with the Tanzanian Labor Law.

Short term benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Organization has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

f) Provision for liabilities

Provisions are recognized when the Organization has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

g) Impairment of non-financial assets

Non-financial assets that are carried at amortized cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

h) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, which are readily convertible to known amounts of cash and which are Subjected to an insignificant risk of changes in value, net of bank overdrafts. At the year end, bank overdrafts are included as borrowings under current liabilities

i) Financial Instruments

Initial recognition

Financial instruments are recognized when, and only when, the Organization becomes party to the contractual provisions of the instrument. All financial assets are recognized initially using the trade date accounting which is the date the Organization commits itself to the purchase or sale.

Classification

The Organization classifies its financial instruments into the following categories:

- i) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

terms of the financial asset give rise on specified dates to cash flows that are solely payments of Principal and interest on the principal amount outstanding, are classified and measured at amortized cost;

- ii) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of Principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income.
- iii) All other financial assets are classified and measured at fair value through profit or loss
- iv) Notwithstanding the above, the Company may:
 - on initial recognition of an equity investment that is not held for trading, irrevocably elect to
 - classify and measure it at fair value through other comprehensive income; and
 - on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- v) Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- vi) All other financial liabilities are classified and measured at amortized cost.

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables, and investments in government securities were classified as at amortized cost:

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

- Long term investments in non-quoted shares were classified by irrevocable election on initial recognition as at fair value through other comprehensive income.
- Other investments in shares were classified as at fair value through profit or loss.
- Borrowings and trade and other liabilities were classified as at amortized cost.

Initial measurement

On initial recognition:

- Financial assets or financial liabilities classified as at fair value through profit or loss are measured
 - at fair value.
- Trade receivables are measured at their transaction price.
- All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, dividend income, and exchange gains and losses on monetary items are recognized in profit or loss.

Fair value is determined as set out in Note 2(c). Amortized cost is the amount at which the financial asset or liability is measured on initial recognition minus Principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Impairment

The Organization recognizes a loss allowance for expected credit losses on debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
 - there is observable evidence of impairment (a credit-impaired financial asset).
- If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognized in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the organization's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Organization does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Derecognition/write off

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired, when the Organization has transferred substantially all risks and rewards of ownership, or when the Organization has no reasonable expectations of recovering the asset.

Financial liabilities are derecognized only when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

j) Comparatives

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the accounting policies adopted by the Organization, those Charged with Governance make certain judgements and estimates that may affect the amounts recognized in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

revisions to such judgements and estimates are recognized in the year in which the revision is made. Below are the accounting judgements and estimates adopted by the Organization:

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Organization based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments may, however, change due to market changes or circumstances arising beyond the control of the Organization. Such changes are reflected in the assumptions when they occur.

Asset useful lives

Critical estimates are made by those Charged with Governance in determining depreciation rates for property and equipment and their residual values. The depreciation rates are based on the estimated useful lives of the assets. The rates used are set out in Note 3(d) and the carrying amounts of property, plant and equipment are set in Note 14.

b) Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations is undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of the cash flow.

c) Taxes

The Organization is subjected to several taxes and levies by various government and quasi-government regulatory bodies. As a rule of thumb, the Organization recognizes liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management,

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the Revenue and liabilities in the period in which such differences are determined.

The management of the Company is confident that the Company is exempt from corporate tax and has therefore opted not to provide for the corporate tax in these financial statements subject to discussion and agreement with the Tanzania Revenue Authority on the taxability of the operations of the Organization.

5. FINANCIAL RISK MANAGEMENT

The Company Principal financial liabilities are comprised of trade and other payables. The Company does not enter into derivative transactions for trading purposes. The Company has various financial assets such as trade and other receivables, and cash and bank balances, which arise directly from its operations.

The main risks arising from the Company financial instruments are liquidity risk, market risk and credit risk. Market risk comprises interest rate risk, foreign exchange risk and price risk. The Company does not have significant exposure to interest risk and price risk since no interest bearing and price sensitive financial instruments are held.

Policies are reviewed and agreed upon at Company level in order to manage the financial risks as summarized below:

The Company's overall risk management programme seeks to minimize potential adverse effects on its financial performance. Risk management is carried out by management on behalf of those Charged with Governance and in line with the Company's policies.

Foreign exchange risk

The Company has financial assets and financial liabilities denominated in foreign currencies. As a result, the Company is exposed to the impact of fluctuations in foreign currency exchange rates.

The Company's main approach for mitigating foreign exchange risk is by making prompt payment and buying foreign currency whenever the rates movements are favorable. Furthermore, currency exposure arising from liabilities denominated in foreign currencies is managed primarily through holding of bank balances in the relevant foreign currencies.

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur financial loss. Financial assets which potentially expose the Company to credit risk consist of bank balances, trade, and other receivables.

The Company manages credit risk related to bank balances by banking with reputable regulated financial institutions. Management does not believe there is significant risk of non-performance by these counterparties. The Company monitors trade and other receivables" balances on a regular basis and makes provisions for impairment based on the expected collectability.

The Company does not grade the credit quality of receivables. All the receivables that are neither past due nor impaired are within their approved limits.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damaging the Company's reputation. Prudent liquidity risk management includes maintaining sufficient.

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 6: PLANT, PROP
AND EQUIPMENTS**

ITEMS	NBV	ADDITIONS	TOTAL	RATE	DEPRECIATION	NBV	NBV
	01.01.2023		31.12.2023		CHARGE	31.12.2023	31.12.2022
Land	13,575,001.00	-	13,575,001.00	NIL	-	13,575,001.00	13,575,001.00
Apartments	15,690,877.00	-	15,690,877.00	4%	627,635.08	15,063,241.92	15,690,877.00
Motor hicle	307,352,744.00	-	307,352,744.00	25%	76,838,186.00	230,514,558.00	307,352,744.00
Furniture	5,697,571.00	-	5,697,571.00	12.5%	712,196.38	4,985,374.63	5,697,571.00
Motor cycle	664,013.00	-	664,013.00	12.5%	83,001.63	581,011.38	664,013.00
Generator	1,363,232.00	-	1,363,232.00	12.5%	170,404.00	1,192,828.00	1,363,232.00
Tool	2,918,150.00	-	2,918,150.00	12.5%	364,768.75	2,553,381.25	2,918,150.00
TOTAL	347,261,588.00	-	347,261,588.00		78,796,191.83	268,465,396.17	347,261,588.00

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENT

NOTE 7: DEBTORS AND PREPAYMENTS

	2023 TZS	2022 TZS
Group Badat Limited	-	-
Trust Industries	-	-
Amani Logistics	-	50,396,852.00
Transcend Global	-	2,448,600.00
	<u>-</u>	<u>52,845,452.00</u>

NOTE 8: CASH AND BANK

Cash at Bank	<u>240,544,382.03</u>	<u>39,009,672.00</u>
--------------	-----------------------	----------------------

NOTE 9: CREDITORS AND ACCRUED

Biosustain Tanzania	335,801,836.83	294,878,527.00
Service levy payable	2,208,407.09	-
Audit fee	1,500,000.00	-
	<u>339,510,243.92</u>	<u>294,878,527.00</u>

NOTE 10: DIRECT COSTS

Repair & maintenance	69,772,814.00	64,895,796.00
Fuel & Lubricants	429,189,523.00	154,888,233.00
	<u>498,962,337.00</u>	<u>219,784,029.00</u>

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENT

NOTE 11: OPERATING EXPANSES

Annual Returns Fees	-	200,000.00
Travelling Expenses	9,162,000.00	26,742,135.00
Meal allowance	219,500.00	-
Printing and stationery	-	35,000.00
Telephone /postage / Email	-	20,000.00
Business License	1,680,000.00	2,758,000.00
Electricity& Water	-	550,141.00
Repair and maintenance Office	-	330,000.00
Bank charge	95,700.00	2,428,189.00
Storage- SA	2,000,000.00	-
Road Toll	55,050,896.00	30,376,069.00
Insurance	-	2,612,000.00
Audit fees	1,500,000.00	1,180,000.00
Depreciation	78,796,191.83	88,292,131.00
Legal Charge	-	300,000.00
Parking Charge	1,912,000.00	3,928,572.00
Salaries and wages	34,950,000.00	40,315,000.00
4% SDL	-	1,612,600.00
Staff transportation	-	1,757,250.00
Weighbridge charge	157,000.00	95,000.00
Staff medical expenses	-	-
Cleaning	20,000.00	-
Commissions	-	-
Accountancy Fees	-	2,035,000.00
Garage and office rent	-	2,935,000.00
Sundries		1,532,000.00
Service Levy	2,208,407.09	-
Insurance	246,000.00	-
Equipment- Repair	900,000.00	-
LATRA	206,220.00	-
Other Cost	610,500.00	-
Transport Cost	3,655,500.00	-
Road Permit	2,247,000.00	878,500.00
10% NSSF employers contribution	3,495,000.00	4,031,500.00
Loading and offloading	1,322,400.00	11,976,300.00
Motor vehicle Registration	-	7,273,347.00

M/S FAZAL DAD TANZANIA LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Car wash	-	275,000.00
SUMATRA	-	<u>910,000.00</u>
	<u>200,434,314.92</u>	<u>235,378,734.00</u>

NOTE 12: TAXATION

Opening Balance	-
Current Tax	11,021,713.52
Provision tax Paid	<u>(11,477,695.80)</u>
Taxation Receivable	<u><u>(455,982.28)</u></u>