

SIMBA PIPE INDUSTRIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024.

CONTENTS	PAGE
Company information	1
Report by those charged with governance	2 - 7
Statement of responsibilities by those charged with governance	8
Declaration of the Head of Finance/ Accounting	9
Independent Auditor's Report	10 - 12
Financial statements:	
Statement of profit or loss	13
Statement of financial position	14
Statement of changes in equity	15
Statement of cash flows	16
Significant accounting policies	17 - 24
Notes to these financial statements	25 - 35
<i>The following does not form an integral part of this financial statements.</i>	
Tax computation	36 - 37

COMPANY INFORMATION

Board of directors	Names	Nationality
	: General Motors Investment Limited	Tanzanian
	: Super Oils Petroleum Limited	Tanzanian
Registered office	: Plot No. 68,69 and 70 : Chang'ombe Industrial Area : Migeyo Road : Dar es Salaam : Tanzania	
Principal bankers	: Azania Bank Tanzania Limited : Mawasiliano Tower : P.O.Box 32089 : Dar es Salaam : Tanzania : National Bank of Commerce Tanzania Limited : P.O.Box 9062 : Dar es Salaam : Tanzania : Standard Chartered Bank Tanzania Limited : P.O.Box 9011 : Dar es Salaam : Tanzania. : Absa Bank Tanzania Limited : P.O.Box 5137 : Dar es Salaam : Tanzania.	
Independent auditor	: Assad Associates : Certified Public Accountants : Corner of Mansfield/ Bridge street : P O Box 7286 : Dar es Salaam : Tanzania	
Company secretary	: Ms. Upendo Philbert Ngaponda : Polt No.2269,Block No.D : Matosa Street, Goba Road : Dar es Salaam : Tanzania.	

1 REPORT BY THOSE CHARGED WITH GOVERNANCE

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2024 which disclose the state of affairs of the company.

2 INCORPORATION

The company is domiciled in Tanzania where it is incorporated as a private company limited by shares under The Companies Ordinance, (Cap.212) now called Tanzania Companies Act,2002.

3 PRINCIPAL ACTIVITIES

The principal activities of the company is that of manufacturing and trading of PVC and HDPE pipes and fittings.

4 VISION

The Company's vision is to be the leader in our business by delivering quality products and services through continuous innovation without compromising our core values of trust, respect, integrity, passion, humility, excellence and team work

5 BUSINESS OBJECTIVES AND STRATEGIES

In order to maximize shareholder value, the company has set goals and strategies to deliver sustainable profitable growth.

The Company's mission is to be the leading solution provider for piping systems in East Africa by providing high quality products to cater to the needs of water mains reticulation, sewerage, gas transportation, telecommunication and electrical conducts.

During the year, the board has been able to achieve the below strategic objectives:-

(a) Marketing strategy consisting of building long term partnership with our customers and make clients and our staffs appreciate the value of long term relationship.

(b) Financial strategy consists of maintaining overall growth of income.

6 COMPOSITION OF THE BOARD OF DIRECTORS

The directors who held office during the year and at the date of this report are shown as follows:

Names	Position	Nationality
General Motors Investment Limited	Director	Tanzanian
Super Oils Petroleum Limited	Director	Tanzanian

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

DIRECTORS EVALUATION AND TRAINING

The board itself regularly undergoes self-assessment and evaluation in order to improve the internal governance of the board.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

7 COMPOSITION OF MANAGEMENT TEAM

The management team organised by departments is as follows;

Names	Designation
Mr. Soud Bargash Hamoud	For and on behalf of General Motors Investment Limited
Mrs. Upendo Ngaponda	Company Secretary
Mr. Jitin P. Singh	General Manager
Mr. Sanjay Agrawal	Country Head Operations Manager
Mrs. Grace Jeremiah	Chief Accountant
Mr. Indrajeet Dodla	Production Manager
Mr. Innocent Msilago	Procurement/Store Officer
Mr. Kishore Zhunzuwadia	Logistic Manager
Mr. Beatus C. Lyamba	Human Resource Officer

8 RESULTS

Performance and result achieved during the year are as follow:-

	2024	2023
	T.SHS '000	T.SHS '000
Profit before tax	2,364,900	5,546,321
Tax charge	(586,634)	(1,737,314)
Profit for the year	1,778,266	3,809,007

The following are summary of key business and financial performance achieved

	2024	2023
Revenue decline	-42%	-18%
Gross profit margin	23%	25%
Profit before tax	9%	12%
Current ratio	1.04	1.04
(Decrease)/Increase in operating expenditures	-32%	15%

9 CORPORATE GOVERNANCE

The Board of Directors consists of two directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring significant investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board 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 company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability to ensure high standards of corporate governance throughout the company.

10 TECHNOLOGY AND INNOVATION

The company has continued to improve the existing production plant and machinery and is considering to continue improving production process on regular basis.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

11 SHARE CAPITAL

The authorised and issued share capital of the company is outlined in note 17. The shareholders of the company with their respective shareholdings are as follows:

Name of the shareholders	No of shares held	Shareholding
General Motors Investment	4,455,000	99%
Super Oils Petroleum Limited	45,000	1%
	4,500,000	100%

12 DIVIDEND

The directors do not recommend the declaration of dividend for the current year. (2023: NIL).

13 RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Commercial and Operational Risks

The company is highly exposed into international commercial risk including but not limited to foreign currencies as all major spare parts, raw materials, plant and machinery used in production are imported. Operational risk arising majorly from failing of production machinery, power rationing and selling substandard produced goods.

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

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

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

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

14 FUTURE PROSPECTS

The company has a plan to continue to increase modern production assets to enhance quality of produced finished goods and effectively continue managing existing assets to maximize potential.

15 GOING CONCERN

The board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The board of directors has reasonable expectation that Simba Pipe Industries Limited has adequate resources to continue in operational existence for the foreseeable future.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

16 EMPLOYEES' WELFARE

Management and employees' relationship

There was continued good relationship between employees and management for the year ended 31 December 2024. There were no unresolved complaints received by management from the employees during the year. A healthy relationship continues to exist between management and employees.

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

Gender parity

During the year ended 31 December 2024, the company had 69 staffs out of which 59 were males and 10 were females. Accordingly in the year ended 31 December 2023 there were 76 staffs out of which 67 were males and 9 were females.

17 ENVIRONMENTAL CONTROL PROGRAM

The company is committed to conducting its business in a manner that protects the environment and it is registered with OSHA (Occupational Safety and Health Authority) which requires the company to be committed to developing and establishing a strong health and safe environment culture, and to provide training, awareness programs and resources necessary to support this commitment. Guiding principles for effective health, safety and environment are as follows;

- Nothing is more important than protecting human health and safety.
- All accidents are preventable.
- Management is accountable for health, safety and environment (HSE) performance and will show active leadership in the same.
- Working safely in an environmentally responsible manner is a condition for employment
- Preventing accidents and managing environmental impacts are fundamental to good business.

18 CLIMATE RELATED RISK ASSESMENT AND CONTROL

The company has continued to assess and control all issues related to climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects'). Assessment and control with regards to physical and transition risk in climate change were as follow;

- Assessment and control on damage to infrastructure and operations.
- Decarbonization and adaptative investments has made infrastructure climate-proof and lowered operation cost. All industrial waste has been destroyed by following National Environment Management Council (NEMC) procedures. Hence, no harmful smoke is produced during destruction.
- Construction of small chambers for sewage system where water from production chambers are being gathered.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

18 CLIMATE RELATED RISK ASSESMENT AND CONTROL (Continued)

- Aligning business strategy with the climate agenda, shaping corporate governance to integrate climate risks and opportunities and improving communication and collaboration with the broader health ecosystem and surrounding communities to deliver more impact. There have been trees and grasses planting program around the factory campus.

19 LIQUIDITY

The company is significantly financed by funds from bank, related parties and its own operational cashflows.

20 RELATIONSHIP WITH STAKEHOLDERS

Simba Pipe Industries Limited has continued to maintain its relationship with the general public in all aspects such as compliance with laws and regulation, corporate social responsibility, human resources, suppliers and customers.

21 SUSTAINABILITY RELATED FINANCIAL INFORMATION

The company sustainability programme include:

- Every batch produced, a sample is always retained and formal product returns investigation is always in place.
- Recycling of end products is always in place i.e recycling to fit other usage within the factory.

22 STATEMENT OF COMPLIANCE

The company's financial statements has been prepared in full compliance with Tanzania Financial Reporting Standard No. 1 (IFRS), The Report by those Charged with Governance.

23 COMPLIANCE WITH LAWS

The Board is satisfied that the Company has to the best of their knowledge, complied with all applicable laws and conducted the business affairs in accordance with the law. To the knowledge of the Board, no director, employee or agent of the company acted or committed any offence under the Anti-corruption laws in conducting the business of the company nor has been involved or been used as a conduct for money laundering or any other activity incompatible with relevant laws.

24 POLITICAL AND CHARITABLE DONATION

In the period under audit, there was charitable donations made by the company amounting to Tsh.2,709,800 (2023: Tsh. 1,550,000).

25 RELATED PARTY TRANSACTIONS


Details of transactions and balances with related parties are included in note 23 of the financial statements.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

26 INDEPENDENT AUDITOR

The company's independent auditor Assad Associates have expressed their willingness to continue in office in accordance with Section 170 of the Companies Act 2002 and are eligible for re-appointment. A resolution proposing the re-appointment for the year ended 31 December 2025 will be put in the Annual General Meeting.

BY ORDER OF THOSE CHARGED WITH GOVERNANCE



Director
17/06/2025

STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE

The directors are required by the Companies Act, 2002 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year the results of its operation and cash flows for the year then ended, in conformity with the International Financial Reporting Standards and the requirements of Tanzania Companies Act, 2002 that they are free from material misstatement whether due to fraud or error.

The financial statements are prepared in accordance with the International Financial Reporting Standard and the requirements of Tanzania Companies Act, 2002 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or loss.

The directors have reviewed the company's cashflow forecast for the year ended 31 December 2025 and in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2024 and of its profit and cash flows for the year then ended in accordance with the International Financial Reporting Standard and the requirements of the Tanzania Companies Act, 2002.

Approved by the board of directors and signed on its behalf by:

.....
Director

17/06/2025
.....
Date

DECLARATION OF THE HEAD OF FINANCE/ACCOUNTING OF SIMBA PIPE INDUSTRIES LIMITED

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

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's 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 the Board of Directors under statement of responsibility by those charged with governance.

I IPYANA KYAMBA being the Head of Finance/Accounting of Simba Pipe Industries Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

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

Signed by: [Signature]
Position: Accountant
NBAA Membership No: ACPA (PA) 3890

A circular blue seal for a Professional Accountant. The outer ring contains the text "ALPHEX ACCOUNTANTS" at the top and "CERTIFIED PUBLIC ACCOUNTANTS" at the bottom. The center of the seal contains the text "P.O. Box 21077" and "DAR ES SALAAM" in blue, and the date "17 MAY 2025" in red.



Assad
ASSOCIATES

Certified Public Accountants, Authorized Auditors and Tax Consultants

**REPORT OF THE INDEPENDENT AUDITOR
TO THE SHAREHOLDERS OF SIMBA PIPE INDUSTRIES LIMITED**

Opinion

We have audited the financial statements of Simba Pipe Industries Limited, which comprise the statement of financial position as at December 31, 2024, the statement of profit or loss, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of Simba Pipe Industries Limited as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of Tanzania Companies, 2002.

Basis for Opinion

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

Emphasis of Matter Paragraphs

We draw attention to the existence of inventories as at 31st December 2024 which have been verified and valued by the management

The management also confirms continued existence and usage of the fixed assets of the Company.

In common with many businesses of similar size and organisation, the company system of internal control is dependent upon the close involvement of the directors. Where independent confirmation of debtors, creditors and completeness of accounting records was therefore not available, we have accepted assurances from the directors that all the company's transactions have been reflected correctly in the accounting records and adequately supported by relevant third party documents

Our opinion is not qualified in respect of the above matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of International Financial Reporting Standards (IFRS) and the requirements of Tanzania Companies Act, 2002 and for such internal control as management determines it 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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's financial reporting process.

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**REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)
TO THE SHAREHOLDERS OF SIMBA PIPE INDUSTRIES LIMITED**

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit 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.

Report on Other Legal and Regulatory Requirements

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

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

- a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts have been kept by the Company, so far as it appears from our examination of those books.
- c) The Company's Statement of profit or loss and Statement of Financial Position are in agreement with the books of accounts.

FOR : ASSAD ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Signed By: Sajjad Jusuab
FCPA 216

Place : Dar es Salaam

18/06/2025

Date

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

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

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REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)
TO THE SHAREHOLDERS OF SIMBA PIPE INDUSTRIES LIMITED

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

We communicate with those charged with governance 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.

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STATEMENT OF PROFIT OR LOSS

		2024	2023
		<u>T.SHS '000</u>	<u>T.SHS '000</u>
Revenue	1	27,353,932	46,892,660
Cost of sales	2	(21,138,238)	(35,334,021)
Gross profit		<u>6,215,694</u>	<u>11,558,639</u>
Other income	3	1,061,572	482,240
Administrative expenses	4	(3,080,315)	(3,483,214)
Marketing, Selling and distribution expense	5	(49,855)	(82,792)
Other operating expenses	6	(734,439)	(1,567,155)
Finance Cost	7	(1,047,757)	(1,361,397)
Profit before tax		<u>2,364,900</u>	<u>5,546,321</u>
Less: Tax charge	8	<u>(586,634)</u>	<u>(1,737,314)</u>
Profit for the year		<u>1,778,266</u>	<u>3,809,007</u>

The significant accounting policies on pages 17 to 24 and the notes on pages 25 to 35 form an integral part of these financial statements.

Report of the independent auditor - pages 10 - 12.

STATEMENT OF FINANCIAL POSITION

		2024	2023
		<u>T.SHS '000</u>	<u>T.SHS '000</u>
ASSETS			
Non-current assets			
Property, plant and equipment	9	12,810,372	12,884,728
Right of use asset	10	117,267	-
Investment	11	3,619,440	-
Intangible assets	12	-	1,462
		<u>16,547,079</u>	<u>12,886,190</u>
Current assets			
Financial asset	13	-	4,500,000
Inventory	14	2,479,710	4,589,344
Trade and other receivables	15	26,342,997	23,052,746
Cash and cash equivalents	16	1,213,446	1,356,520
		<u>30,036,153</u>	<u>33,498,611</u>
TOTAL ASSETS		<u>46,583,232</u>	<u>46,384,801</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17	4,500,000	560,000
Advances towards share capital	17	-	844,000
Retained earnings		12,910,584	11,993,794
		<u>17,410,584</u>	<u>13,397,794</u>
Non current liability			
Deferred tax	18	359,754	487,075
Borrowings	19	-	321,505
Lease liability	20	49,250	-
		<u>409,004</u>	<u>808,580</u>
Current liabilities			
Borrowings	19	2,334,951	3,793,554
Lease liability	20	93,509	-
Trade and other payables	21	26,329,658	28,371,420
Taxation	22	5,526	13,453
		<u>28,763,644</u>	<u>32,178,427</u>
TOTAL EQUITY AND LIABILITIES		<u>46,583,232</u>	<u>46,384,801</u>

The financial statements on pages 13 to 35 were authorised and approved for issue by the Board of Directors on ... 17/06/2025 and were signed on its behalf by:

Director

The significant accounting policies on pages 17 to 24 and the notes on pages 25 to 35 form an integral part of these financial statements.

Report of the independent auditor - pages 10 - 12.

STATEMENT OF CHANGES IN EQUITY

	Share Capital T.SHS '000	Advances from Shareholder T.SHS '000	Retained Earnings T.SHS '000	Total T.SHS '000
Year ended 31st December 2024				
At start of year	560,000	844,000	11,993,795	13,397,795
Prior year taxes	-	-	(861,478)	(861,478)
Issue of shares	3,096,000		-	3,096,000
Reclassification	844,000	(844,000)		-
Total profit for the year	-		1,778,266	1,778,266
At end of year	4,500,000	-	12,910,584	17,410,584
Year ended 31st December 2023				
At start of year	560,000	-	9,655,228	10,215,228
Advance from Shareholders	-	844,000	-	844,000
Prior year taxes	-		(1,470,440)	- 1,470,440
Total profit for the year	-		3,809,007	3,809,007
At end of year	560,000	844,000	11,993,795	13,397,794

The significant accounting policies on pages 17 to 24 and the notes on pages 25 to 35 form an integral part of these financial statements.

Report of the independent auditor - pages 10 - 12.

STATEMENT OF CASH FLOWS

	Notes	2024 T.SHS '000	2023 T.SHS '000
Cash flows from operating activities			
Profit for the year		2,364,900	5,546,321
<i>Adjustment for:</i>			
Gain on disposal of property, plant and equipment		(2,542)	(5,763)
Prior year taxes		(861,478)	-
Interest paid		358,241	304,064
Interest on finance lease		21,028	-
Depreciation and amortization	8	1,254,553	1,171,157
Profit before changes in working capital		3,134,702	7,015,779
<i>Changes in working capital</i>			
Inventories		2,109,634	819,405
Trade and other receivables		(3,290,250)	(6,458,871)
Trade and other payables		(2,041,762)	9,069,896
<i>Cash (used in)/generated from operations</i>		(87,676)	10,446,209
Tax for prior year		-	(1,415,729)
Tax paid for current year		(721,882)	(1,597,513)
Net cash (used in)/generated from operating activities		(809,558)	7,432,967
Cash flows from investing activities			
Liquidation/(payment) from financial assets	8	4,500,000	(4,500,000)
Purchase of property, plant and equipment and intangible		(1,124,376)	(6,807,042)
Proceeds from sale of equipment		2,542	5,763
Cash paid for investment in shares		(3,619,440)	-
Net cash used in investing activities		(241,274)	(11,301,279)
Cash flows from financing activities			
Movement in borrowings		(1,780,108)	3,150,542
Interest paid on borrowing		(358,241)	(304,064)
Proceeds from issue of shares		3,096,000	844,000
Actual lease payment		(49,895)	-
Net cash generated from financing activities		907,756	3,690,478
<i>Net decrease in cash and cash equivalents</i>		<i>(143,075)</i>	<i>(177,834)</i>
Cash and cash equivalents at start of year		1,356,520	1,534,354
Cash and cash equivalents at end of year	16	1,213,446	1,356,520

The significant accounting policies on pages 17 to 24 and the notes on pages 25 to 35 form an integral part of these financial statements.

Report of the independent auditor - pages 10 - 12.

SIGNIFICANT ACCOUNTING POLICIES

These notes provides list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below. This financial statements are presented in Tanzanian Shillings and round off to the nearest thousand.

i) New and amended standards adopted by the company

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2024:

Classification of liabilities as current or non-current - Amendments to IAS 1 Non Current liabilities with

- 1) covenants - Amendments to IAS 1
- 2) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- 3) Supplier finance arrangements – Amendments to IAS 7 and IFRS 7

The adoption of these amendments did not have any impact on the amounts recognised in the accounting policy, financial position or performance of the Company.

ii) New standards and interpretations not yet adopted by the company.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

Standard issued but not effective	Effective date on or after
Amendments to IAS 21 - Lack of exchangeability	1 January 2025 (early adoption is available)
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	01-Jan-26
FRS 18, 'Presentation and Disclosure in Financial Statements'	1 January 2027 (early adoption is permitted)
IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	01-Jan-27

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

b) Critical accounting estimates, judgements and assumptions

In the process of applying the company's accounting policies, the company's management makes certain estimates, judgements and assumptions. These are based on the management's past experience and other determinants that under the circumstances are deemed to be reasonable. In practice, the estimated and assumed results would differ from the actual results.

(i) Impairment of non financial assets - The company reviews its non financial assets to assess the likelihood of impairment on an annual basis. In determining whether such assets are impaired, management makes judgments as to whether there are any conditions that indicate potential impairment of such assets.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Critical accounting estimates, judgements and assumptions (continued)

(ii) **Provision for doubtful debts** - The company has not impaired any of its trade and other receivable balances as at the end of the year.

(iii) **Useful life of property, plant and equipment** - Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

(iv) **Revenue recognition** - In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the provision of goods.

(v) **Taxation** - Estimates made in determining the income tax expense for transactions for which the ultimate determination of the income tax expense is uncertain in the ordinary course of business.

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, Value Added Tax (VAT) and amounts collected on behalf of third parties.

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

Sales of goods are recognised upon delivery of products and customer acceptance.

d) Foreign currency translation

i) Functional and presentation currency

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

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Taxation

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

Current tax assets and liabilities

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

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

f) Share capital

Ordinary shares are classified as equity.

g) Property, plant and equipment

All property, plant and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial year in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

The assets residual values and useful lives are reviewed and adjusted if appropriate, at the statement of financial position date.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Property, plant and equipment (continued)

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

Item	Depreciation Method	Rate
Buildings	Straight Line	20 years
Plant and Machinery	Straight Line	8 years
Furniture and Fixtures	Straight Line	8 years
Motor Vehicles	Straight Line	4 years
Office equipment	Straight Line	8 years
IT Equipment	Straight Line	3 years
Leasehold improvements	Straight Line	50 years

h) Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the assets will flow to the entity; and
- the cost of the asset can be measured reliably.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation Method	Average useful life
Computer Software	Straight Line	3 years

i) Impairment of non-financial assets and intangible assets other than goodwill

At the end of each reporting year, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each statement of financial position date.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Management recognises fair value of financial assets based on the qualitative characteristics of the fair value and the hierarchy

- a) Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.
- b) Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2
- c) Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

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

Impaired trade receivables

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses as other income.

k) Inventories

Inventory is stated at the lower of cost or net realisable value and their value is determined by the director. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads based on normal capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

l) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

m) Trade receivables

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

n) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

o) Provisions and contingencies

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

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions and contingencies(Continued)

- o) Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent assets and liabilities are not recognised.

p) Employee entitlements

Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leaves that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Retirement benefit obligations

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to the statement of comprehensive income in the year to which they relate.

q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs are expensed in the period they accrue unless they can be related, with certainty, to fixed assets construction projects in which case they are capitalised as part of the asset's cost.

Borrowings are classified as non-current liabilities as the settlement of the liability is more than 12 months after the balance sheet date.

r) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

s) Investment in subsidiaries and associates

Investments of shares held in other companies are shown at cost under non current assets. The company does not consolidate subsidiaries as the same is prepared by the ultimate holding company, Motisun Holdings Limited.

Subsidiaries

Subsidiaries are all entities over which the company has the power to govern the financial and operating policies and generally has a shareholding of more than half of the voting rights.

Associates

Associates are undertakings in which the company has between 20% and 50% of voting rights.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- '- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
 - '- fixed lease payments, including in-substance fixed payments, less any lease incentives
 - '- the exercise price of purchase options, if the company is reasonably certain to exercise the option
 - the amount expected to be payable by the company under residual value guarantees
 - '- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
 - '- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.
- Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses. The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position. Lease payments included in the measurement of the lease liability comprise the following:

- any lease payments made at or before the commencement date
- '- the initial amount of the corresponding lease liability
- '- any initial direct costs incurred

Right-of-use assets are subsequently measured at cost less accumulated amortisation and impairment losses. Right-of-use assets are amortised over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is amortised over the useful life of the underlying asset. Amortisation starts at the commencement date of a lease.

The right-of-use assets is subsequently amortised. Amortisation is over the shorter of the useful life of the asset and the lease term, unless the title to the asset transfers at the end of the lease term, in which case depreciation is over the useful life.

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

NOTES TO THE FINANCIAL STATEMENTS

	2024 T.SHS '000	2023 T.SHS '000
1 Revenue		
Sales of goods	27,353,932	46,892,660
	27,353,932	46,892,660
2 Cost of sales		
Opening stock	4,589,344	5,408,749
Purchases	15,321,550	29,582,170
Add: Direct expenses (Note 2(a))	3,707,054	4,932,446
Total goods available for sales	23,617,948	39,923,365
Less: Closing stock	(2,479,710)	(4,589,344)
	21,138,238	35,334,021
2(a) Direct Expenses		
Salaries and wages	984,069	997,848
Importation costs	1,784,812	3,001,537
Depreciation	938,173	933,061
	3,707,054	4,932,446
3 Other income		
Bad debts recovery	257,824	-
Interest Income	410,531	368,965
Miscellaneous income	871	-
Foreign exchange gain-realized	-	245
Foreign exchange gain-unrealized	389,804	107,267
Gain on property, plant and equipment	2,542	5,763
	1,061,572	482,240
4 Administrative expenses		
Audit fees	26,000	26,000
Bank charges	189,325	300,581
Cleaning and fumigation	13,003	6,916
Legal and professional fees	84,857	36,558
Consulting and professional fees	27,643	10,700
Employment costs (Note 4(a))	1,527,417	1,362,578
Software expenses	2,780	3,615
Motor vehicle expenses	49,187	47,917
Lease rentals on operating lease	9,187	45,767
License and renewals	21,690	16,815
Printing, postage and stationery	12,263	21,778
Repair and maintenance	174,127	37,741
Stamp duty	23,766	351
Security	61,803	55,621
Subscription and membership fees	2,577	2,418
Telephone, fax, postage and internet	29,828	30,936
Training	2,188	11,492
Transport and freight	725,009	1,362,891
Domestic travel expenses	64,396	57,656
Foreign travel expenses	33,269	44,884
	3,080,315	3,483,214

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024 T.SHS '000	2023 T.SHS '000
4(a) Employment costs		
Salaries and wages	1,197,065	1,051,173
Workers compensation fund	9,888	8,716
Skills and development levy	80,687	72,766
National social security fund	196,747	173,755
NHIF - Company contribution	12,337	10,490
Medical expenses	2,230	2,045
Casual labour	27,463	42,922
Employee incentives	1,000	710
	1,527,417	1,362,578
5 Marketing, selling and distribution expenses		
Advertisement Expense	24,947	38,263
Tender fees	11,590	17,938
Sales Promotion Expense	13,318	26,592
	49,855	82,792
6 Other operating expenses		
City service levy	78,275	141,108
Doubtful debts	-	278,738
Delivery expenses	660	3,063
Depreciation and amortisation	316,381	238,097
Fines and penalties	156	60
Uniform, books and periodicals	18,651	13,079
Gemba Kaizen expenses	2,126	4,737
Canteen expenses	98,904	108,110
Permit expenses	29,609	23,848
Insurance	134,098	131,177
Prior year taxes	29,900	102,424
Property tax and land rent	2,878	3,869
Donation	2,710	1,550
Miscellaneous expenses	5,286	15,432
Bad debts	-	484,521
OSHA expenses	14,805	17,342
	734,439	1,567,155
7 Finance Cost		
Interest on bank overdraft	44,128	14,661
Interest on bank loans	314,113	289,403
Interest on lease liability	21,028	-
Foreign exchange loss-unrealized	93,329	23,550
Foreign exchange loss-realized	575,159	1,033,783
	1,047,757	1,361,397

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024	2023
	<u>T.SHS '000</u>	<u>T.SHS '000</u>
8 Tax expense		
Corporate tax charge	713,955	1,610,965
Deferred tax (credit)/charge (Note 18)	<u>(127,321)</u>	<u>126,349</u>
Tax charge	<u>586,634</u>	<u>1,737,314</u>
Reconciliation of tax expense		
Profit before tax	2,364,900	5,546,321
Tax calculated at a tax rate of 30% (2023: 30%)	709,470	1,663,896
Tax effect of:		
Expenses allowed for tax purpose	(138,975)	(48,479)
Expenses not deductible for tax purposes	<u>16,138</u>	<u>121,897</u>
Tax charge	<u>586,634</u>	<u>1,737,314</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Property, plant and equipment

Year ended 31 December 2024	Building TShs '000'	Plant and Machinery TShs '000'	Motor vehicles TShs '000'	Furniture and fixtures TShs '000'	IT Equipment TShs '000'	Leasehold Improvements TShs '000'	Capital Work in Progress TShs '000'	Total TShs '000'
Cost								
As start of year	890,480	14,607,651	588,196	195,358	420,861	2,126,440	6,282,757	25,111,743
Additions	-	319,988	-	20,386	36,042	-	747,960	1,124,376
Disposal	-	-	(23,899)	(25,233)	-	-	-	(49,132)
At end of year	890,480	14,927,639	564,297	190,510	456,903	2,126,440	7,030,717	26,186,987
Accumulated Depreciation								
As start of year	738,435	10,252,660	232,712	136,753	305,410	561,045	-	12,227,015
Disposal	-	-	(23,899)	(25,233)	-	-	-	(49,132)
Charges for the year	44,523	893,650	117,610	10,318	67,516	65,115	-	1,198,732
At end of year	782,958	11,146,310	326,423	121,837	372,926	626,160	-	13,376,615
Net book value as at 31.12.2024	107,522	3,781,329	237,874	68,673	83,977	1,500,280	7,030,717	12,810,372
Year ended 31 December 2023								
Cost								
As start of year	890,480	14,291,778	481,774	177,816	381,182	2,126,440	-	18,349,470
Additions	-	315,873	151,191	17,542	39,679	-	6,282,757	6,807,042
Disposal	-	-	(44,769)	-	-	-	-	(44,769)
At end of year	890,480	14,607,651	588,196	195,358	420,861	2,126,440	6,282,757	25,111,743
Accumulated Depreciation								
As start of year	693,911	9,364,123	181,657	128,998	244,757	495,930	-	11,109,376
Disposal	-	-	(44,769)	-	-	-	-	(44,769)
Charges for the year	44,524	888,537	95,824	7,755	60,653	65,115	-	1,162,408
At end of year	738,435	10,252,660	232,712	136,753	305,410	561,045	-	12,227,015
Net book value as at 31.12.2023	152,045	4,354,990	355,484	58,605	115,451	1,565,395	6,282,757	12,884,728

Capital work in progress refers to the cost upon acquisition of plot in Vigunguti area. The land will be used for company's future expansion projects.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024 <u>T.SHS '000</u>	2023 <u>T.SHS '000</u>
9 Property, plant and equipment (Continued)		
Depreciation is charged as follows:		
Cost of sales	938,173	933,061
Administrative expenses	260,559	229,347
	<u>1,198,732</u>	<u>1,162,408</u>

10 Right of use asset

	Lease Hold Property <u>T.SHS '000</u>	Total <u>T.SHS '000</u>
Year ended 31 December 2023		
Cost		
As start of year	-	-
Additions	171,626	171,626
	<u>171,626</u>	<u>171,626</u>
Accumulated Depreciation		
As start of year	-	-
Charge for the year	54,359	54,359
	<u>54,359</u>	<u>54,359</u>
Net book value as at 31.12.2024	<u>117,267</u>	<u>117,267</u>

The company entered into lease arrangements with four parties for periods of three years and have a separate commencement date for the lease period with the earliest expiring in September 2026 and the latest in February 2027. The leases have been accounted for in accordance with the provisions of IFRS 16.

Amortisation charge on the right of use assets is on a straight-line basis over the lease terms. The depreciation charge for the year ended 31 December 2024 has been accounted for and shown under the statement of profit or loss.

	2024 <u>T.SHS '000</u>	2023 <u>T.SHS '000</u>
11 Investments		
Holtan Builders Limited	2,480,940	-
Simba Light Industries Limited	1,138,500	-
	<u>3,619,440</u>	<u>-</u>

The Company has investments in its sister companies, namely Holtan Builders Limited and Simba Light Industries Limited in the form of shareholding of 99% in each entity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024 TShs '000'	2023 TShs '000'
12 Intangible assets		
Year ended 31 December 2024		
Cost		
As start of year	202,668	202,668
Addition	-	-
At end of year	<u>202,668</u>	<u>202,668</u>
Accumulated Depreciation		
As start of year	201,206	192,457
Charges for the year	1,462	8,749
At end of year	<u>202,668</u>	<u>201,206</u>
Net book value	<u>-</u>	<u>1,462</u>
13 Financial asset		
Fixed deposit-Azania Bank Limited	-	4,500,000
	<u>-</u>	<u>4,500,000</u>
<p>The company had 4 fixed deposits with Azania Bank limited which earned around 9.3% to 10.3% per annum. All deposit have been matured and liquidated during the year.</p>		
14 Inventory		
Raw material	1,485,241	3,608,246
Work in progress	13,654	19,115
Finished goods	637,338	512,801
Trading goods	766,676	912,318
Spare parts	105,189	65,252
	<u>3,008,098</u>	<u>5,117,732</u>
Inventories (write-downs)	(528,388)	(528,388)
	<u>2,479,710</u>	<u>4,589,344</u>
<p>Inventory written down relates to items purchased in prior years of which did not meet the standards and specification of customers. In the opinion of the directors these items do not have any resale value.</p>		
15 Trade and other receivables		
Trade receivables	25,086,844	23,453,231
Advances and prepayments	438,452	1,155,998
Due from related parties (Note 23(i))	2,702,483	112,174
Other receivables	157,375	631,324
Loss allowance	(2,042,157)	(2,299,981)
	<u>26,342,997</u>	<u>23,052,746</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Trade and other receivables (Continued)

In the opinion of the directors, the carrying amounts of trade and other receivables approximate to their fair value and there is no impairment of trade and other receivables.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above.

	2024 TShs '000'	2023 TShs '000'
16 Cash and cash equivalents		
Cash in hand	49,623	71,316
Cash at bank	1,163,823	1,285,205
	<u>1,213,446</u>	<u>1,356,520</u>

For the purpose of statement of cashflows, cash and cash equivalents comprise of cash and cash equivalent

17 Share capital

Authorised:

5,000,000 (2023: 5,000,000) shares of TShs 1,000/- each	5,000,000	5,000,000
	<u>5,000,000</u>	<u>5,000,000</u>

Issued and fully paid:

560,000 (2023: 560,000) ordinary shares of TShs. 1,000/- each	560,000	560,000
Add: 3,940,000 ordinary shares of TShs 1,000 each	3,940,000	-
	<u>4,500,000</u>	<u>560,000</u>

17 Advances from Shareholder

Advances towards share capital	-	844,000
	<u>-</u>	<u>844,000</u>

During the year, advance towards share capital has been converted into ordinary shares.

18 Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2023: 30%).

The movement on the deferred tax account is as follows:

At start of year	487,075	360,726
Deferred tax charge (Note 8)	(127,321)	126,349
	<u>359,754</u>	<u>487,075</u>

Deferred tax (liability), deferred tax (charge) in the statement of profit or loss are attributable to the following items:

	At start of year T.SHS. '000	Charge to SPL T.SHS. '000	At end of year T.SHS. '000
Year ended 31 December 2024			
Deferred tax liability			
Excess depreciation over capital allowances	487,075	(127,321)	359,754
	<u>487,075</u>	<u>(127,321)</u>	<u>359,754</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024 TShs '000'	2023 TShs '000'
19 Borrowings		
Secured loans		
Standard chartered bank tanzania limited - Import invoice financing	547,999	311,550
Standard chartered bank tanzania limited - Import loan	1,786,952	3,482,003
Standard chartered bank tanzania limited - Long term loan	-	321,505
	2,334,951	4,115,058
Split between non-current and current portions		
Borrowing Non-current	-	321,505
Borrowing current liabilities	2,334,951	3,793,554
	2,334,951	4,115,059

Details relating to borrowings are as follow:-

All facilities are acquired from Standard Chartered Bank Tanzania Limited. During the year, there have been changes as per supplemental facility letter dated 26th August 2024 with references CRC/SPIL/10990591/DL/SKM. Type(s) of facility has been detailed below:-

(i) Overdraft Facility

- Facility limit - The limit is available is USD up to USD 750,000
- Margin - Pricing for USD is 4.5% per annum
- Pricing - For TZS 182 days treasury bill + 6% per annum
- Purpose - For general corporate purpose and/or working capital requirement

(ii) Short term loan facility

- Facility limit - Designated facility limit is TZS 1,000,000,000
- Pricing - For TZS 182 days treasury bill + 6% per annum
- Purpose - For general corporate purpose and/or working capital requirement

(iii) Import invoice financing facility

- Facility limit - Designated facility limit is TZS 3,000,000,000
- Pricing - For TZS 182 days treasury bill + 6% per annum
- Purpose - For financing of goods purchased by the borrower from its seller, as evidenced by the seller's invoice to the borrower.

(iv) Import loan facility

- Facility limit - Designated facility limit is TZS 8,500,000,000
- Margin - Pricing for USD is 4.3440% per annum
- Pricing - For TZS 182 days treasury bill + 6% per annum
- Purpose - To cover the release of goods imported by the borrower under and in relation to letters of credit issued by the bank/import bills for collection handled by the bank.

Securities for the above mentioned facilities:

- (i) A first ranking debenture charge over the company's fixed and floating assets registered to secure the sum of USD 6,860,075.
- (ii) First Ranking legal charge over the property located on Plot No. 68, 69 and 70 situated at Mbozi road in Dar es Salaam to be registered to secure the sum of USD 6,860,075.
- (iii) Specific charge over plant and machinery located on Plot No. 68, 69 and 70 situated at Mbozi Road in Dar es Salaam to secure the sum of TZS 1,800,000,000.
- (iv) Corporate guarantee by General Motors Investment Limited.
- (v) Personal guarantee by Nassor Ally Seif.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024 TShs '000'	2023 TShs '000'
20 Lease Liability		
Non current liability	49,250	-
Current liability	93,509	-
	142,759	-

Details of lease are as follow:-

The company entered into lease arrangements with four parties for periods of three years and have a separate commencement date for the lease period with the earliest expiring in Septembefr 2026 and the latest in February 2027. The leases have been accounted for in accordance with the provisions of IFRS 16.

All the lease agreements are in Tanzanian Shillings and the interest is charged on the lease liabilities at the average incremental borrowing rate of the company i.e. 16.05% for earliest expiring lease and 14.05% for latest expiring lease. Interest charged for the year ended 31 December 2024 has been accounted for in the statement of profit or loss.

	2024 TShs '000'	2023 TShs '000'
21 Trade and other payables		
Trade payables	22,109,003	26,274,910
Amount received in advance	2,909,859	241,724
Accruals and other payables	1,310,797	1,854,786
	26,329,658	28,371,420

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.

The maturity analysis based on ageing of trade and other payables is as follows:

	1 to 3 months T.SHS '000'	4 to 12 months T.SHS '000'	Total T.SHS '000'
Year ended 31 December 2024			
Trade payables	8,843,601	13,265,402	22,109,003
Amount received in advance	1,163,944	1,745,915	2,909,859
Accruals and other payables	524,319	786,478	1,310,797
	10,531,863	15,797,795	26,329,659

22 Taxation

Balance at beginning of the year	13,453	(54,711)
<u>Less: Tax paid as per accounts</u>	<u>(13,453)</u>	<u>(11,568)</u>
	-	(66,279)
Less: Tax credits write off due to assessments issued	-	66,279
Tax payable for the year	5,526	13,453
	5,526	13,453

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024 TShs '000'	2023 TShs '000'
23 Related party transactions and balances		
Transactions and balances with related parties as at the year end is as follows:		
(i) Amount due from related parties (Note 15)		
Holtan Builders Limited	1,794,657	112,174
Simba Light Industries Limited	907,826	-
	2,702,483	112,174
(ii) Sales of goods to related parties		
Holtan Builders Limited	412,431	-
	412,431	-
(iii) Compensation to key management personell		
Key staff remuneration	1,182,993	1,165,890
	1,182,993	1,165,890
(iv) Investments in related parties (Note 11)		
Holtan Builders Limited	2,480,940	-
Simba Light Industries Limited	1,138,500	-
	3,619,440	-

24 Risk management objectives and policies

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by the management under policies approved by the board of directors.

(i) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management perform cash flow forecasting and monitor rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet its operational needs. The company's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Risk management objectives and policies (Continued)

Financial risk management

(ii) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2024 is the carrying value of its financial assets in the statement of financial position.

(iii) Market risk

- Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollars. Foreign exchange risk arises from future transactions, assets and liabilities in the statement of financial position.

The company does not hedge foreign exchange fluctuations.

- Interest rate risk

As at 31 December 2024, the company is exposed to the interest rate risk as it has loans from financial institution.

25 Capital management

Internally imposed capital requirements

The company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing its brokering services commensurate with the level of risk;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business and;
- to maintain an optimal capital structure to reduce the cost of capital.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

26 Subsequent event

There were no subsequent events after the year end, which requires adjustments or disclosures in the financial statements.

27 Capital Commitments

As at 31 December 2024, the Company had no capital expenditure contracted or accrued.

28 Contingent liability

As at 31 December 2024, the Company had no litigations.

TAX COMPUTATION

	2024 <u>T.SHS '000'</u>
Profit before tax as per accounts	2,364,900
<u>Add: Non-allowable expenses</u>	
Prior year tax	29,900
Interest on lease liability	21,028
Fines and penalties	156
Donations	2,710
Depreciation and amortisation	1,254,553
	3,673,247
<u>Less: Allowable deductions</u>	
Wear and tear allowance	(599,650)
Building allowance	(71,533)
Initial allowance	(158,965)
Realised exchange loss from previous year	(23,550)
Actual rent payment	(49,895)
Unrealised exchange gain	(389,804)
	2,379,850
<u>POSITION OF TAXATION:</u>	
Corporation tax at 30%	713,955
Less: Provisional tax paid for the year	(371,382)
Less: Withholding tax paid for the year	(337,047)
	5,526

A: WEAR AND TEAR ALLOWANCES SCHEDULE FOR THE YEAR 2024

	CLASS I RBM 37.5%	CLASS II RBM 25%	CLASS III RBM 12.5%	TOTAL
	T.SHS "000"	T.SHS "000"	T.SHS "000"	T.SHS "000"
WDV as at 01.01.2024	160,839	2,052,722	80,730	2,294,291
Additions	36,042	-	20,386	56,428
	196,881	2,052,722	101,116	2,350,719
Less: Disposal	-	-	-	-
	196,881	2,052,722	101,116	2,350,719
Wear and tear allowances	(73,830)	(513,181)	(12,640)	(599,650)
	123,051	1,539,542	88,477	1,751,069
Qualifying expenditure c/f	-	159,994	-	159,994
WDV as at 31.12.2024	123,051	1,699,536	88,477	1,911,063

TAX COMPUTATION (Continued)

B: BUILDING ALLOWANCE

Year	Cost	Additions	Total	Allowance for the year	Accumulated allowance	WDV C/F
	<u>T.SHS '000</u>	<u>T.SHS '000</u>	<u>T.SHS '000</u>	<u>T.SHS '000</u>	<u>T.SHS '000</u>	<u>T.SHS '000</u>
2023	1,430,663	-	1,430,663	71,533	1,305,899	124,764
2024	1,430,663	-	1,430,663	71,533	1,377,432	53,230

C: INITIAL ALLOWANCE:

	AT COST	INITIAL ALLOWANCE	QUALIFYING EXP C/F
	<u>TShs '000'</u>	<u>TShs '000'</u>	<u>TShs '000'</u>
PLANT & MACHINERY	319,988	159,994	159,994
Summary of initial allowance claim			159,994
Less: 50% C/F to be claimed in 2025			(79,997)
50% to be claimed in the current year			<u>79,997</u>
Add: 50% claim to be claimed this year from 2023			78,968
Total claim for the year			<u><u>158,965</u></u>

D: SUMMARY OF CAPITAL ALLOWANCES

Depreciation Allowance	599,650
Building Allowance	71,533
Initial allowance	158,965
	<u><u>830,149</u></u>