TECHNO IMAGE LIMITED

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2017

TAX Pro & Associates
CERTIFIED PUBLIC ACCOUNTANTS

CORPORATE INFORMATION

CORPORATE INFORMATION

DIRECTORS	**NAME**	**NATIONALITY**
	MR. PETER NGANDAKU	TANZANIAN
	MR. MIKIDADI HAMZA	TANZANIAN
	MR. SALIM MONGI	TANZANIAN

SHARE HOLDINGS	**NAME**	**SHARE HOLDING**
	MR. PETER NGANDAKU	38%
	MR. MIKIDADI HAMZA	35%
	MR. SALIM MONGI	22%
	MR. HAROLD MATEMU	4%
	MR. PATSON SAMBU	1%

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	PLOT 17, BLOCK F, MSASANI VILLAGE, TANESCO STREET. P.O.BOX 13221 DAR ES SALAAM
AUDITORS	TAXPRO & ASSOCIATES NIC INVESTMENT HOUSE, AVENUE/MIRAMBO STREET, 1ST FLOOR, POSTAL ADDRESS 7550 DAR ES SALAAM.
BANKERS	AZANIA BANCORP DAR ES SALAAM STANBIC BANK TANZANIA LTD MAIN BRANCH P.O.BOX 73647 DAR ES SALAAM COMMERCIAL BANK OF AFRICA TANZANIA LIMITED OHIO BRANCH P.O.BOX 9640 DAR ES SALAAM BARCLAYS BANK TANZANIA LIMITED OHIO BRANCH P.O.BOX 5137 DAR ES SALAAM

DIRECTORS' REPORT

The directors are pleased to present their report together with the audited financial statements for the year ended 31 December 2017, which disclose the state of affairs of Techno Image Limited (the "Company").

1 INCORPORATION
The company is incorporated in Tanzania and is being administered under the Companies Act, 2002.

2 PRINCIPAL ACTIVITIES
The company's principal activities are importation, distribution, installation and maintenance of electric systems and devices.

3 RESULTS FOR THE YEAR
The company's operating results for the year ended 31 December 2017 are as shown on the statement of profit or loss and other comprehensive income set out on page 9 of these financial statements.

4 DIVIDENDS
The directors have not proposed any payment of dividend for the financial year 2017. (2016 NIL)

5 RELATED PARTY TRANSACTIONS
During the year ended 31st December 2017 there were no related party transactions.

6 DIRECTORS
The directors of the company at the date of this report and who held office since 1 January 2017 are as follows:

Name	Position	Nationality
Mr. Peter Ngandaku	Managing Director	Tanzanian
Mr. Mikidadi Hamza	Director	Tanzanian
Mr. Salim Mongi	Director	Tanzanian

7 SHARE HOLDINGS

Name	Number of ordinary shares
Mr. Peter Ngandaku	38%
Mr. Mikidadi Hamza	35%
Mr. Salim Mongi	22%
Mr. Harold Matemu	4%
Mr. Patson Sambu	1%

8 EMPLOYEES WELFARE
Equal opportunity employer
The Company is an equal opportunity employer. It gives access to employment opportunities and ensures that the best available person is appointed to any given position free of discrimination of any kind and without regard to gender, marital status, tribe and religion. It is also a policy of the Company to give equal opportunities to disabled persons for vacancies that do not impair their ability to discharge their duties.

DIRECTORS' REPORT

Relationship between management and employees
There was continued good relationship between employees and management for the year ended 31 December, 2017. There were no unresolved complaints received by management from employees during the year.

Employee benefits
Employees are members of National Social Security Fund (NSSF) and Parastatals Pension Fund (PPF). The Company contributes 10% of basic salary of each employee to NSSF and PPF.

9 CORPORATE GOVERNANCE

The directors believe that high standards of corporate governance directly influence the company's stakeholders' confidence and the management recognizes the importance of integrity, transparency, responsibility and accountability. In so doing the directors therefore confirm that:

- The directors met regularly throughout the year;
- They retain full and effective control over the company;
- The directors accept and exercise responsibility for strategic and policy decisions, the approval of budgets and monitoring of performance;
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of management; and
- They ensure that discussions on issues of performance, policy and strategy are informed and that debate is rigorous but constructive.

The Board takes overall responsibility for the company, including the responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant matters, and reviewing the performance of management business plan and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures are operative, and the Company complies with sound corporate governance principles.

The Board met twice during the year.

DIRECTORS' REPORT

10 SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the company financial statements have been prepared on a going concern basis. The Board of Directors considers the company to be solvent within the meaning ascribed by the Companies Act, CAP 212 Act No. 12 of 2002.

No matters have come to their attention to indicate that the company will not remain a going concern for the at least the ensuing financial year.

11 RISK MANANGEMENT AND INTERNAL CONTROLS

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:

- Effectiveness and efficiency of operations;
- Safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- 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 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 2016 and is of the opinion that they met accepted criteria.

12 AUDITORS

Tax pro & Associates expressed their willingness to continue in office and are eligible for re-appointment.

BY ORDER OF THE DIRECTORS

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

....

Director

...11/JUNE........2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

Director

11/JUNE 2018

Director

11/6/ 2018

DECLARATION OF THE FINANCE MANAGER OF TECHNO IMAGE 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/Governing Body/Management 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 the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I Harold Matemu being the Head of Finance/Accounting of TECHNO IMAGE LIMITED hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31ST DECEMBER 2017 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 TECHNO IMAGE LIMITED as on that date and that they have been prepared based on properly maintained financial records.

Signed by:

Position: Finance and Administration Manager
NBAA Membership No.:1857
Date: 8th June 2018

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TECHNO IMAGE LIMITED

Report on the Financial Statements

In our opinion, the company financial statements give a true and fair view of the company financial position of TECHNO IMAGE LIMITED (the Company) as at 31 DECEMBER 2017, and company financial performance and company cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, CAP 212 Act No. 12 of 2002.

What we have audited

TECHNO IMAGE LIMITED and company financial statements set out on pages 10 to 30 comprise:

- the company statements of financial position as at 31 DECEMBER 2017;
- the company statements of profit or loss and other comprehensive income for the year then ended;
- the company statements of changes in equity for the year then ended;
- the company statements of cash flows for the year then ended; and
- notes to the financial statements, which include a summary of significant accounting policies.

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 company financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying my opinion, I draw the attention of the users of this report on the following matter to the financial statements:

Revenue

The reported revenue of Tzs 3,073,326,101 is an aggregate amount of revenue received from various revenue centers' for various both short and long term contracts agreed by the company. The amount reported is not apportioned/ recognized in the respective accounting period.

In the same manner the reported cost of sales was not apportioned to the respective revenue centers to match with the accounting period as a result work in progress is not reported. Both revenue and costs of sales are not disclosed as per the requirement of IFRS 15.

In the same manner the reported cost of sales was not apportioned to the respective revenue centers to match with the accounting period as a result work in progress is not reported. Both revenue and costs of sales are not disclosed as per the requirement of IFRS 15.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Opinion section we have determined the matters described below to be the key audit matters to be communicated in my report. We have determined that there are no key audit matters to communicate in our report.

Report on the Financial Statements (continued)

Other information

The directors are responsible for the other information. The other information comprises report of directors but does not include the company financial statements and our auditor's report thereon.

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

In connection with our audit of the company financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, 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.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the company financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend

to liquidate the Company or to cease operations, or have no realistic alternative but to do so. The directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the audit of the company financial statements

Our objectives are to obtain reasonable assurance about whether the company 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 the company 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 company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw.

Report on the Financial Statements (continued)
Auditor's responsibilities for the audit of the Company and company financial statements (continued)

Attention in our auditor's report to the related disclosures in the company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the company financial statements, including the disclosures, and whether the company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the Company financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iii) the Company's statement of financial position (balance sheet) and statement of financial performance (profit and loss account) are in agreement with the books of account.

Tax Pro Associates
Certified Public Accountants (Tanzania)

TaxPro & Associates Certified Public Accountants P.O. Box 7550 DAR ES SALAAM

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Signed by: J. E. Massaga-ACPA-PP

18.06.2018

Dar es Salaam

TECHNO IMAGE LIMITED
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2017

		2017	2016
ASSETS	Notes	TZS	TZS
Non-current Assets			
Property, plant and equipment	14	889,960,860	876,227,740
Total non-current assets		**889,960,860**	**876,227,740**
Current assets			
Inventory		822,871,486	696,623,423
Trade and other receivables	17	1,174,030,888	1,377,659,144
Cash and Bank balances	15	28,547,873	311,294,254
Taxation	16	184,530,739	(170,282,439)
Total current assets		**2,209,980,986**	**2,215,294,382**
Total assets		**3,099,941,846**	**3,091,522,123**
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share Capital	18	400,000,000	400,000,000
Revaluation		392,557,374	392,557,374
Retained Earnings		947,125,218	876,254,749
Total equity and reserves		**1,739,682,592**	**1,668,812,123**
Long-term loan			
Loan	19	47,221,250	109,802,551
Deferred tax	22	29,134,585	45,447,412
Total long term loan		**76,355,835**	**155,249,963**
Current liabilities			
Trade and other payables	21	784,554,333	1,149,069,048
Bank overdraft	20	484,351,156	103,393,057
Dividend payable		14,997,930	14,997,930
Total current liabilities		**1,283,903,419**	**1,267,460,035**
Total Equity and Liabilities		**3,099,941,846**	**3,091,522,123**

The financial statements set out on pages 8 to 30 were approved and authorized for issue by the Board of Directors on 11/JUNE 2018 and were signed on its behalf by:

Director **Director**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	SHARE CAPITAL	RETAINED EARNINGS	REVALUATION RESERVE	TOTAL
	TZS	TZS		
Balance as at 1 January2016	400,000,000	**894,766,309**	**392,557,374**	**1,687,323,683**
Adjustment of Additional tax paid 2012-2015	-	(416,503,562)	-	(416,503,562)
Profit/(Loss) for the year	-	397,992,002	-	397,992,002
Balance as at 31st December 2016	400,000,000	**876,254,749**	**392,557,374**	**1,668,812,123**
Balance as at 1st January 2017	400,000,000	**876,254,749**	**392,557,374**	**1,668,812,123**
Dividend paid	-	-	-	-
Adjustment for the year	-	25,738,678	-	25,738,678
Profit/(Loss) for the year	-	45,131,791	-	45,131,791
Balance as at 31st December 2017	400,000,000	**947,125,218**	**392,557,374**	**1,739,682,592**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	TZS	TZS
Profit/(loss) for the year before Interest and Tax	**98,669,236**	**422,913,318**
Adjustments for		
Depreciation	145,064,387	144,440,182
Prior year adjustment	2,651	-
During the year adjustment	25,738,678	222,704,610
(Gain)/ Loss on sales of PPE	-	-
Operating surplus/(Deficit) before working capital	**269,474,952**	**790,058,111**
Operating activities		
(Increase)/ Decrease in inventories	(126,248,063)	38,969,572
(Increase)/ Decrease in trade and other receivables	203,628,256	8,228,878
Increase/ (Decrease) in sundry and other payable	(364,514,715)	(262,392,727)
Cash generated from operations	**(287,134,521)**	**(215,194,278)**
Net cash flow generated from operating activities	**(17,659,569)**	**574,863,833**
Tax paid	(129,538,269)	(151,135,539)
Additional tax paid 2012-2015	(241,587,735)	(370,728,564)
interest paid	(33,726,735)	-
Total cash flow from operating activities	**(422,512,308)**	**52,999,730**
Investing activities		
Purchase of Property, Plant and Equipment	(158,800,160)	(38,831,746)
Proceeds from sales of Property, Plant and Equipment	-	-
Net cash outflow from investing activities	**(158,800,160)**	**(38,831,746)**
Cash flow from Financing activities		
Dividend paid	-	(135,000,000)
Loan	(82,392,011)	(109,205,814)
Cash flow from Financing Activities	**(82,392,011)**	**(244,205,814)**
Net increase/Decrease in cash and cash equivalents	**(663,704,480)**	**(230,037,830)**
Cash and cash equivalents at the beginning of the year	207,901,197	437,939,027
Cash and cash equivalents at the end of the year	(455,803,283)	207,901,197

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

TECHNO IMAGE LIMITED is a limited liability Company incorporated in United Republic of Tanzania under the Companies Act, 2002. Its principal activities are disclosed in the report of the directors.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

IFRS 9 Financial Instruments	Finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas: **Classification and measurement.** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. **Impairment.** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised **Hedge accounting.** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures **Derecognition.** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. Issued: 24 July 2014 Effective for annual periods beginning on or after 1 January 2018
IFRS 15 Revenue from Contracts with Customers	IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: Identify the contract with the customer. Identify the performance obligations in the contract. Determine the transaction price. Allocate the transaction price to the performance obligations in the contracts. Recognize revenue when (or as) the entity satisfies a performance oblig-

	ation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. **Issued;** 28 May 2014 Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018.
IFRS 16 Leases	IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. ***Issued:*** 13 January 2016 Applicable to annual reporting periods beginning on or after 1 January 2019.
IFRS 17 Insurance Contracts	IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2021. ***Issued:*** 18 May 2017 Applicable to annual reporting periods beginning on or after 1 January 2021.

NEW OR REVISED PRONOUNCEMENT

IFRIC 23 Uncertainty over Income Tax Treatments	The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: Whether tax treatments should be considered collectively Assumptions for taxation authorities' examinations The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates The effect of changes in facts and circumstances ***Issued:*** 7 June 2017 Applicable to annual reporting periods beginning on or after 1 January 2019

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	Amends IAS 12 *Income Taxes* to clarify the following aspects: Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type. ***Issued:*** 19 January 2016 Effective for annual periods beginning on or after 1 January 2017.
Disclosure Initiative (Amendments to IAS 7)	Amends IAS 7 *Statement of Cash Flows* to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. ***Issued:*** 29 January 2016 Effective for annual periods beginning on or after 1 January 2017
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	Amends IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. ***Issued:*** 12 April 2016 Effective for annual periods beginning on or after 1 January 2018.
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	Amends IFRS 2 *Share-based Payment* to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. ***Issued:*** 20 June 2016 Effective for annual periods beginning on or after 1 January 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	Amends IFRS 4 *Insurance Contracts* provide two options for entities that issue insurance contracts within the scope of IFRS 4: an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS

	4; this is the so-called deferral approach. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied. *Issued:* 12 September 2016 Overlay approach to be applied when IFRS 9 is first applied. Deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for three years after that date.
Transfers of Investment Property (Amendments to IAS 40)	The amendments to IAS 40 *Investment Property* Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) - (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list. *Issued:* 8 December 2016 Effective for annual periods beginning on or after 1 January 2018

Annual Improvements to IFRS Standards 2014-2016 Cycle
Makes amendments to the following standards:
IFRS 1 - Deletes the short-term exemptions in paragraphs E3-E7 of IFRS 1, because they have now served their intended purpose.

IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*
IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition
Issued: 8 December 2016
The amendments to IFRS 1 and IAS 28 are effective for annual periods begin on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2002.

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

Basis of preparation

The financial statements are prepared under the historical cost convention except for certain financial instruments that are measured at fair value as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are stated in TZS (Tanzanian Shillings).

The significant accounting policies adopted in preparation of these financial statements are set out below:

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Cash and settlement discounts, rebates, sales taxes and other indirect taxes are excluded from revenue.

Revenue from sale of goods is recognized when the company has transferred the significant risks and rewards of ownership of the goods, the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the company, and the costs of the transaction can be measured reliably.
The recognition date usually coincides with when the title of the goods has passed to the customer and the goods have been delivered.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probably/; i.e. that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of raw materials and consumable stores are determined by the weighted average cost method. Cost of finished goods and work in progress are valued at direct raw material cost and include a portion of manufacturing overhead expenses, determined on a weighted average basis. Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Dividends

Dividends on ordinary shares are charged to retained earnings in the period in which they are declared and approved. Dividends declared after the end of the reporting period are not recognized as liabilities at the end of the reporting period. Proposed dividends are not accrued for until ratified in an annual general meeting.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss, if any) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss, if any, are recognized immediately in profit or loss.

Financial assets
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. At the end of the reporting period the Company had only loans and receivables in its statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Financial instruments (Continued)

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including certain items of trade and other receivables, loans receivable, cash and bank balances) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets
The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities' At the end of the reporting period the Company had only other financial liabilities in its statement of financial position.

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial instruments (Continued)

Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method at the following annual rates:

Description	**rates**
Building	5%
Office Machinery & Equipments	25%
Motor Vehicles	25%
Computers and Software	25%
Furniture, Fittings and Fixtures	12.5%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Comparatives

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY

In the application of the Company's accounting policies, management under oversight of the board of directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The areas of critical judgments and key sources of estimation uncertainty are as set out below:

Useful life of property and equipment
Critical estimates are made by management in determining the useful lives and residual values to property and equipment based on the intended use of the assets and the economic lives of those assets.

Impairment provision of tangible assets
At the end of each reporting period, 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. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Taxes

The Company is subjected to a number of taxes and levies by various government and quasi-government regulations bodies. As a rule of thumb, the Company recognizes liabilities for the anticipated tax/levies payable with 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 managements in one way or other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and the effects of foreign currency exchange rates and interest rates. The Company's overall risk management program seeks to minimize potential adverse effects on its financial performance. The directors have overall responsibility of the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, and services offered. The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees and stakeholders understand their roles and obligations.

The most important types of risks are:

- Credit risk;
- Liquidity risk; and
- Market risk which is mainly due to foreign exchange risk and interest rate risk

A description of the significant risk factors is given below together with the risk management policies applicable. Further quantitative disclosures are included throughout these financial statements.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Potential concentration of credit risk consists principally of deposit with banks and trade and other receivables.

The Company's management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors.

The Company does not consider there to be any significant concentration of credit risk which has not been insured or adequately provided for at the end of the reporting period.

The customers included in trade and other receivables under the fully performing category are paying their debts as they continue trading. The default rate is low.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of the allowance is a specific loss component that relates to individually significant exposures.

The normal payment days for trade receivables are 30 days, the Company makes follow up of all trade receivables over 30 days to find out if specific loss components exist for the purpose of establishing impairment allowances.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Trade payables are due to other companies arising from normal trading transactions with these parties. There is lower risk of loss of reputation arising from liquidity risk as a result of these dues

Market risk

a) Foreign exchange risk

Currency risk is the possibility that the Company may suffer financial loss as a consequence of the depreciation in the measurement currency relative to the foreign currency prior to payment of a commitment in that foreign currency or the measurement currency strengthening prior to receiving payment in that foreign currency.

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

b) Interest rate risk

Interest rate exposure arises from borrowing on floating interest rate. The Company is not exposed to the risk as it borrows on fixed rate.

CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it continues as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company reviews the capital structure regularly. As part of this review, the Company considers the cost of capital and the risks associated with each class of capital through balancing its overall capital structure in payment of dividends and issue of new debt or the redemption of existing debt.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FAIR VALUE MEASUREMENTS

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

The Company specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging the following items:

	2017	2016
	TZS	TZS
Depreciation of Property, Plant and Equipment	145,064,387	199,158,422
Accounting and Auditors remuneration	12,342,990	11,935,000
Staff costs(note 7)	779,618,773	755,001,526

7. STAFF COSTS

	2017	2016
	TZS	TZS
Salaries and Wages	631,476,360	614,160,089
NSSF Coy. Contribution	63,147,636	61,416,009
SDL 6% Levies	28,416,436	31,602,345
Workers Compensation Fund	6,348,888	9,182,112
Staff Training	-	2,311,460
Staff Welfare	50,229,453	36,329,511
	779,618,773	**755,001,526**

8. SALES

	2017	2016
	TZS	TZS
Sales	3,073,326,101	3,475,926,461
	3,073,326,101	**3,475,926,461**

9. OTHER INCOME

	2017	2016
	TZS	TZS
Sundry Income	208,328,461	139,140,900

Interest received	6,119,895	5,583,954
Gain on disposal	-	-
Profit/(Loss) on foreign exchange	-	55,900,615
Total	**214,448,357**	**200,625,470**

10. COSTS OF SALES

	2017 TZS	2016 TZS
Costs of Sales/ Purchases	694,912,437	417,652,966
Inventory Adjustment	-	-
Import Duties	73,689,655	59,376,770
Idf & Inspection	11,540,940	19,051,360
Clearing and Forwarding	38,611,404	40,895,277
Carriage and Insurance	39,573,524	37,304,855
Inventory Count Variance	-	98,327,586
Sub contractors	159,484,644	248,728,496
Local Purchases	206,183,182	230,309,954
Railways Development Levy	11,332,279	8,711,940
Purchases Variance	31,289	475,351
	1,235,359,354	**1,160,834,555**

11. FINANCIAL COSTS

	2017 TZS	2016 TZS
Interest paid	33,726,735	110,455,576

12. GENERAL AND ADMINISTRATIVE EXPENSES

	2017 TZS	2016 TZS
Accounting and Audit Fees	12,342,990	11,935,000
Bids & tendering expenses	3,634,000	2,822,200
Security Services	14,266,844	16,357,672
Trading Licenses	600,000	2,750,000
Board Expenses	-	3,000,000
Advertising and Promotions	707,060	17,126,774
Sales Commissions	2,200,000	1,080,000
Bad debts	36,050,206	24,356,005
Bank Charges	117,874,615	72,891,165
Cleaning	12,000	-
Computer expenses	2,271,847	2,454,661
Consulting fees	61,318,742	33,023,115
Courier & Postage	87,360	406,000

Depreciation	145,064,387	144,440,184
Donation and Charity	1,000,000	-
Electricity and Water	15,242,725	14,877,926
Entertainment expenses	2,859,390	2,171,712
General expenses	8,174,601	10,857,169
Insurance	78,145,546	73,597,576
Legal fees	17,983,000	10,470,000
Land Rent Fees and Other Levies	6,667,821	77,752,153
Fuel expenses	43,880,290	39,267,169
Motor vehicle- Repair & Maintenance	30,376,146	31,489,416
Printing and Stationery	20,123,246	13,231,155
Profit/ (Loss) on foreign exchange	139,347,441	-
Rent paid	24,900,000	31,413,600
Repairs and Maintenance	10,327,856	100,324,431
Salaries and Wages	631,476,360	614,160,089
NSSF contribution	63,147,636	61,416,009
SDL Levies	28,416,436	31,602,345
Workers Compensation Fund	6,348,888	9,182,112
Staff training	-	2,311,460
Staff welfare	50,229,453	36,329,511
Subscriptions	2,550,000	30,350,285
Telephone & Fax	25,850,898	30,350,285
Transport Expenses	70,322,461	18,429,898
Travel and Accommodation	260,110,166	84,575,257
VAT expenses	19,835,455	353,625,840
Total	**1,953,745,867**	**1,982,348,482**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. TAXATION

	2017	2016
	TZS	TZS
a) **Income tax expense**		
Current tax charge	36,123,538	-
Deferred tax charge(Note 22)	(16,312,827)	24,921,316
	19,810,711	**24,921,316**

b) **Reconciliation of tax based on accounting profit to income tax expense**		
Accounting profit before tax	64,942,502	422,913,318
Tax at the applicable rate of 30% (2017:30%)	36,123,538	126,873,996
Tax effect of expenses not deductible for tax purposes		(101,952,697)
Prior year deferred tax under provision	(16,312,827)	-
	19,810,711	**24,921,299**

14. PROPERTY, PLANT AND EQUIPMENT

	OFFICE MACHINERY & EQUIPMENT	MOTOR VEHICLES	COMPUTERS & SOFTWARE	BUILDINGS	LAND	FURNITURE, FITTINGS& FIXTURES	TOTAL
Costs as at 1/1/2016	126,889,841	353,059,999	72,366,774	392,250,000	297,750,000	53,336,532	1,295,653,146
Additions during the year	1,508,664	32,493,448	4,829,634	-	-	-	38,831,746
Disposal	-	-	-	-	-	-	-
Balance as at 31/12/2016	**128,398,504**	**385,553,447**	**77,196,408**	**392,250,000**	**297,750,000**	**53,336,532**	**1,334,484,891**
Accumulated Depreciation as at 1/1/2016	69,387,064	63,687,863	42,447,297	108,225,000	-	30,072,398	313,819,622
Prior year adjustment	-	-	-	-	-	-	(2,653)
Charge for the year 2016	15,334,785	90,601,025	14,683,187	19,612,500	-	4,208,686	144,440,182
Disposal	-	-	-	-	-	-	-
Accumulated depreciation as at31/12/2016	**84,721,849**	**154,288,888**	**57,130,484**	**127,837,500**	-	**34,281,083**	**458,257,151**
Net book value as at 31/12/2016	**43,676,655**	**231,264,558**	**20,065,924**	**264,412,500**	**297,500,000**	**19,055,449**	**876,227,740**
Costs as at 1/1/2017	**128,398,504**	**385,553,447**	**77,196,408**	**392,250,000**	**297,750,000**	**53,336,532**	**1,334,484,891**
Additions during the year	10,009,027	142,209,000	4,648,154	-	-	1,933,979	158,790,160
Disposal	-	-	-	-	-	-	-
Balance as at 31/12/2017	**138,407,532**	**527,762,447**	**81,844,562**	**392,250,000**	**297,500,000**	**55,270,511**	**1,493,275,052**
Accumulated depreciation as at 1/1/2017	84,721,849	154,288,888	57,130,484	127,837,500	-	34,281,083	458,259,804
Charge for the year 2017	**12,809,389**	**96,266,191**	**12,510,375**	**19,612,500**	-	**3,865,932**	**145,064,387**
Accumulated depreciation as at 31/12/2017	**97,531,238**	**250,555,079**	**69,640,859**	**147,450,000**	-	**38,147,015**	**603,324,191**
Net Book Value as at 31/12/2017	**40,876,294**	**277,207,368**	**12,203,703**	**244,800,000**	**297,750,000**	**17,123,496**	**889,960,860**
Net Book Value as at 31/12/2016	**43,676,655**	**231,264,558**	**20,065,924**	**264,412,500**	**297,750,000**	**19,055,449**	**876,225,087**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. CASH AND CASH EQUIVALENTS

	2017 TZS	2016 TZS
Barclays Bank Tzs	-	52,792,558
Petty Cash	1,347	-
Stanbic Bank(T) Ltd-Usd	2,749,457	2,672,763
Barclays Bank(T) Ltd-Usd	-	234,599,347
Barclays Bank(T) Ltd-Euro	2,379,256	956,909
Azania Bancorp-Tzs	20,272,677	20,272,677
CBA-Tzs	3,145,137	-
CBA-Euro	-	-
CBA-USD	-	-
	28,547,873	**311,294,254**

16. TAX(CREDIT) LIABILITY

	2017 TZS	2016 TZS
Opening balance	(170,282,439)	(52,938,371)
Withholding tax paid during the year	107,743,598	85,135,539
Withholding tax payable during the year	(8,205,329)	
Corporate tax paid during the year	30,000,000	66,000,000
Corporate tax paid for the prior year 2012-2015	241,587,735	370,728,562
Additional corporate & Interest, VAT Penalty		(639,208,169)
Deferred tax charge	16,312,827	-
	184,530,739	**(170,282,439)**

17. TRADE AND OTHER RECEIVABLES

	2017 TZS	2016 TZS
Trade receivable	663,968,849	1,241,561,249
Other receivables	510,062,039	136,097,896
Total	**1,174,030,888**	**1,377,659,144**

18. SHARE CAPITAL

	2017 TZS	2016 TZS
Authorized:		
400,000 ordinary shares of 1,000 each	400,000,000	400,000,000
Issued and Fully Paid:		
400,000 ordinary shares of 1,000 each	400,000,000	400,000,000

19. BORROWING

	2017	2016
	TZS	TZS
Barclays Bank Tanzania Limited	47,221,250	109,802,551

20. BANK OVERDRAFT

	2017	2016
	TZS	TZS
Barclays Bank Tanzania Limited-Euro	-	-
CBA-Euro	1,846,207	5,637
CBA-Tzs	-	5,832,833
CBA-Usd	186,241,020	97,554,585
Barclays Bank (T) Ltd-USD	230,474,413	-
Transfer account	1	1
Total	**484,351,156**	**103,393,057**

The company had an overdraft facility with Barclays Bank Limited up to a limit of TZS 1,150,000,000/= US DOLLAR 190,000 AND EURO 25,000 in order to meet its working capital requirements. Interest rates for all currencies were (EUR) 4.67% p.a above the prime rate as well as USD and interest rate for TZS was 7% p.a above the prime rate.

i. The facility is secured by a guarantee from joint several guarantee and indemnity for TZS 1,511,000,000 issued by Harold Epimack Matemu, Patson Alex Sambu, Peter Matem Ngandaku, Salim Abed Mongi and Mikidadi Mwambeleko Hamza.
ii. Fixed and Floating charge by the way of a debenture over the borrower's fixed and floating assets stamped to cover TZS 1,890,000,000
iii. First priority legal mortgage over the property located on Plot No. 17, Block "F" Msasani Village Area, Kinondoni Municipality, Dar es Salaam City and comprised under Certificate of title No. 24063 Stamped to cover TZS 1,456,250,000
iv. Specific Debenture over 5 Vehicles (2 Toyota Noah, 1 Toyota Prado Land cruiser, 1 Ford Ranger double cab pickup 3.2 diesel 4x4 XL and 1 Ford Ranger double cab pickup 3.2 diesel 4x4) financed by the Bank to be registered and stamped to cover USD 189,375

As at 31 December 2017 and the date of this report, there is no drawdown made by the company on this facility (2017: TZS 296,263,928 2016:NIL).

The company had an overdraft facility with Commercial Bank of Africa (Tanzania) Limited up to a limit of TZS 150,000,000/= US DOLLAR 150,000 and EURO 50,000 in order to finance working capital requirements. Interest rates for all currencies were TZS 23% p.a, USD 9% p.a and EURO 9% p.a;

i. The facility is secured by a first ranking debenture in favour of the bank over the fixed and floating assets of the Borrower registered at USD 1,010,000 to cover the credit facilities and other related costs at 125%.
ii. A personal guarantee supported by a first ranking legal mortgage in favor of the Bank over a Farm No. 2276 at Vikawe, Kibaha District in Pwani Region with CT No. 101050 owned by Mikidadi Mwambeleko Hamza, registered for TZS 1,300,000,000 to cover the credit facilities and other related costs.

As at 31 December 2017 and the date of this report, there is drawdown made by the company on this facility (2017:TZS 188,087,227 2016: TZS 103,393,057).

21. TRADE AND OTHER PAYABLES

	2017	2016
	TZS	TZS
Trade payable	392,843,471	986,565,420
Other payable	391,710,862	162,503,628
Total	**784,554,333**	**1,149,069,048**

22. DEFERRED TAX LIABILITY

	2017	2016
	TZS	TZS
Accelerated Capital Allowance	29,134,585	45,447,412
Tax losses carried forward	-	-
Net unrealized foreign exchange (loss)/gain	-	-
Other temporary differences	-	-
	29,134,585	45,447,412
The movement on the deferred tax account is as follows:		
At the beginning of the year	45,447,412	20,526,096
Prior year deferred tax overprovision	-	-
Deferred tax charge(note 13)	(16,312,827)	24,921,316
	29,134,585	45,447,412

23. CONTINGENT LIABILITES

In the opinion of the directors the Company had no material contingent liabilities as at the end of the reporting period.

24. FAIR VALUES

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

25. EVENTS AFTER THE REPORTING PERIOD

At the time of signing these accounts, the directors are not aware of any other matter or circumstance arising since the end of the reporting period, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Company and results of its operations.

26. CURRENCY

The financial statements are prepared in Tanzania Shillings (TZS).