

## Independent Auditor's Report

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To the shareholder of Kilimanjaro Biochem Limited

### Report on the Financial Statements

We have audited the financial statements of Kilimanjaro Biochem Limited, which comprise the statement of financial position as at 31 March, 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 3 to 21.

### Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and requirements of the Tanzanian Companies Act 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

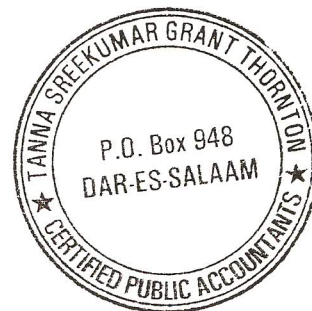
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kilimanjaro Biochem Limited as at 31 March, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Tanzanian Companies Act 2002.



## Independent Auditor's Report

### Report on Other Legal and Regulatory Requirements

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

- 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;
- in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- the company's statement of financial position and profit and loss account are in agreement with the books of account.



Tanna Sreekumar Grant Thornton  
Dr. B.S.Sreekumar  
Managing Partner  
Dar es Salaam

07 MAY 2015



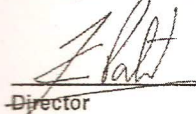
# Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

## Statement of Financial Position as at 31 March, 2015

	Note(s)	2015 TSh '000	2014 TSh '000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	13,845,146	15,037,754
Pre-Operative Expenses	5	267,939	310,245
		<b>14,113,085</b>	<b>15,347,999</b>
<b>Current Assets</b>			
Inventories	6	1,629,128	1,414,028
Loans to employees	7	10,000	10,000
Current tax receivable	12	-	18,910
Trade and other receivables	8	1,386,928	1,081,249
Cash and cash equivalents	9	1,043,309	803,458
		<b>4,069,365</b>	<b>3,327,645</b>
<b>Total Assets</b>		<b>18,182,450</b>	<b>18,675,644</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	10	4,518,200	4,518,200
Accumulated profit		6,945,774	4,726,768
		<b>11,463,974</b>	<b>9,244,968</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Loans from shareholders	3	2,950,299	5,381,310
Other financial liabilities	11	1,043,035	1,494,808
Deferred tax	4	1,729,360	1,860,651
		<b>5,722,694</b>	<b>8,736,769</b>
<b>Current Liabilities</b>			
Current tax payable	12	99,448	-
Trade and other payables	13	798,908	693,907
Bank overdraft	9	97,426	-
		<b>995,782</b>	<b>693,907</b>
<b>Total Liabilities</b>		<b>6,718,476</b>	<b>9,430,676</b>
<b>Total Equity and Liabilities</b>		<b>18,182,450</b>	<b>18,675,644</b>

The financial statements and the notes on pages 3 to 21, were approved by the board of directors on the 06 MAY 2015 and were signed on its behalf by:

  
\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

The accounting policies on pages 11 to 15 and the notes on pages 16 to 21 form an integral part of the financial statements.

## Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

### Statement of Comprehensive Income

	Note(s)	2015 TSh '000	2014 TSh '000
Revenue	14	16,351,308	15,337,940
Cost of sales	15	(9,972,084)	(9,677,089)
<b>Gross profit</b>		<b>6,379,224</b>	<b>5,660,851</b>
Other income	16	2,091	-
Operating expenses	17	(2,855,115)	(2,702,590)
<b>Operating profit</b>		<b>3,526,200</b>	<b>2,958,261</b>
Finance costs	18	(384,932)	(631,338)
<b>Profit before taxation</b>		<b>3,141,268</b>	<b>2,326,923</b>
Taxation	19	(922,262)	(710,379)
<b>Profit for the year</b>		<b>2,219,006</b>	<b>1,616,544</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>2,219,006</b>	<b>1,616,544</b>

The accounting policies on pages 11 to 15 and the notes on pages 16 to 21 form an integral part of the financial statements.



## Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

### Statement of Changes in Equity

	Share capital	Retained income	Total equity
	TSh '000	TSh '000	TSh '000
Balance at 01 April, 2013	4,518,200	3,110,224	7,628,424
Profit for the year	-	1,616,544	1,616,544
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	1,616,544	1,616,544
Balance at 01 April, 2014	4,518,200	4,726,768	9,244,968
Profit for the year	-	2,219,006	2,219,006
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	2,219,006	2,219,006
Balance at 31 March, 2015	4,518,200	6,945,774	11,463,974
Note(s)	10		

The accounting policies on pages 11 to 15 and the notes on pages 16 to 21 form an integral part of the financial statements.

\* The translation deficit represents the cumulative position of translation gains and losses arising from the conversion of the net assets of the foreign subsidiary companies, and also the long term loan to a subsidiary company, to the reporting currency.

# Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

## Statement of Cash Flows

	Note(s)	2015 TSh '000	2014 TSh '000
<b>Cash flows from operating activities</b>			
Profit before taxation		3,141,268	2,326,923
<b>Adjustments for:</b>			
Depreciation and amortisation		1,903,072	1,821,807
Profit on sale of assets		(2,091)	1,746
Finance costs		384,932	631,338
<b>Changes in working capital:</b>			
Inventories		(215,100)	100,610
Trade and other receivables		(305,678)	8,478
Trade and other payables		105,001	(189,652)
Finance costs		<b>5,011,404</b>	<b>4,701,250</b>
Tax paid	22	(384,932)	(631,338)
		(935,195)	(201,108)
<b>Net cash from operating activities</b>		<b>3,691,277</b>	<b>3,868,804</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(769,897)	(874,319)
Sale of property, plant and equipment	2	61,523	1,000
Repayment of loans from group companies		-	(1,590,520)
Pre-operative expenses		42,306	42,306
<b>Net cash from investing activities</b>		<b>(666,068)</b>	<b>(2,421,533)</b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(451,773)	1,494,808
Movement in loans to directors, managers and employees		-	(10,000)
Repayment of shareholders loan		(2,431,011)	(2,491,764)
<b>Net cash from financing activities</b>		<b>(2,882,784)</b>	<b>(1,006,956)</b>
<b>Total cash movement for the year</b>		<b>142,425</b>	<b>440,315</b>
Cash at the beginning of the year		803,458	363,143
<b>Total cash at end of the year</b>	9	<b>945,883</b>	<b>803,458</b>

The accounting policies on pages 11 to 15 and the notes on pages 16 to 21 form an integral part of the financial statements.

# Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

## Accounting Policies

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### 1. Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Tanzanian Companies Act 2002. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Tanzanian Shillings.

These accounting policies are consistent with the previous period.

#### 1.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The annual rates used for depreciating property, plant and equipment are as follows:

Item	Rate %
Buildings	5
Plant and machinery	10
Furniture and fixtures	25
Motor vehicles	20
Office equipment	25
IT equipment	25

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

#### 1.2 Financial instruments

##### Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities.

##### Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.



# Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

## Accounting Policies

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### 1.2 Financial instruments (continued)

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value.

Trade and other receivables are classified as loans and receivables.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

### 1.3 Tax

#### Current tax assets and liabilities

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused WHT credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused WHT credits can be utilised.

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



# Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

## Accounting Policies

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### 1.3 Tax (continued)

#### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

### 1.4 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

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.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.5 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

# Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

## Accounting Policies

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### 1.5 Impairment of assets (continued)

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.6 Share capital and equity

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

### 1.7 Employee benefits

#### Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

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

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

### 1.8 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer 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 measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.



# Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

## Accounting Policies

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### 1.9 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

### 1.10 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

### 1.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.12 Translation of foreign currencies

#### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Tanzanian Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- 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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Tanzanian Shillings by applying to the foreign currency amount the exchange rate between the Tanzanian Shilling and the foreign currency at the date of the cash flow.

# Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

## Notes to the Financial Statements

	2015			2014		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	313,233	-	313,233	310,888	-	310,888
Buldings	4,707,591	(739,082)	3,968,509	4,461,007	(509,681)	3,951,326
Plant and machinery	13,502,470	(4,681,078)	8,821,392	13,259,339	(3,344,401)	9,914,938
Furniture and fixtures	98,021	(82,795)	15,226	98,021	(58,290)	39,731
Motor vehicles	1,569,180	(882,345)	686,835	1,368,766	(600,308)	768,458
Office equipment	92,300	(62,472)	29,828	74,309	(41,995)	32,314
IT equipment	39,902	(29,779)	10,123	39,902	(19,803)	20,099
<b>Total</b>	<b>20,322,697</b>	<b>(6,477,551)</b>	<b>13,845,146</b>	<b>19,612,232</b>	<b>(4,574,478)</b>	<b>15,037,754</b>

### 2. Property, plant and equipment

#### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Land	310,888	2,345	-	-	313,233
Buldings	3,951,326	246,585	-	(229,402)	3,968,509
Plant and machinery	9,914,938	302,562	(59,432)	(1,336,676)	8,821,392
Furniture and fixtures	39,731	-	-	(24,505)	15,226
Motor vehicles	768,458	200,414	-	(282,037)	686,835
Office equipment	32,314	17,991	-	(20,477)	29,828
IT equipment	20,099	-	-	(9,976)	10,123
	<b>15,037,754</b>	<b>769,897</b>	<b>(59,432)</b>	<b>(1,903,073)</b>	<b>13,845,146</b>

#### Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Land	285,888	25,000	-	-	310,888
Buldings	3,629,371	528,052	-	(206,097)	3,951,326
Plant and machinery	10,885,062	328,792	-	(1,298,916)	9,914,938
Furniture and fixtures	61,104	2,760	-	(24,133)	39,731
Motor vehicles	847,425	188,360	(2,746)	(264,581)	768,458
Office equipment	49,205	1,551	-	(18,442)	32,314
IT equipment	27,506	2,230	-	(9,637)	20,099
Capital Work in Progress	202,426	(202,426)	-	-	-
	<b>15,987,987</b>	<b>874,319</b>	<b>(2,746)</b>	<b>(1,821,806)</b>	<b>15,037,754</b>

### 3. Loans to (from) shareholders

Banco Products (I) Ltd (Loan Registration Number DRN 2011105)	(2,950,299)	(5,381,310)
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Loan of USD 6,600,000 received from Banco Product (India) Ltd at an interest of 3 months libor+350 basis point with floor rate 7% annum against Assets of the company, calculated on reducing balance for paying of existing debt from NBC, Dar es Salam and for setting up its distillery plant in Moshi region, Tanzania.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The company does not hold any collateral as security.



# Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

## Notes to the Financial Statements

	2015 TSh '000	2014 TSh '000
<b>4. Deferred tax</b>		
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:		
Deferred tax liability	(1,729,360)	(1,860,651)
<b>Reconciliation of deferred tax asset / (liability)</b>		
At beginning of year	(1,860,651)	(1,333,370)
Taxable / (deductible) temporary difference movement on tangible fixed assets	109,482	(527,281)
Unrealised loss - Current Year	21,809	-
	<b>(1,729,360)</b>	<b>(1,860,651)</b>
<b>5. Pre-Operative Expenses</b>		
Opening Balance	310,245	352,551
Write off during the year	(42,306)	(42,306)
	<b>267,939</b>	<b>310,245</b>
<b>6. Inventories</b>		
Raw materials, components	1,552,165	1,283,864
Finished goods	76,963	130,164
	<b>1,629,128</b>	<b>1,414,028</b>
<b>7. Loans to employees</b>		
<b>Loans to employees</b>		
At beginning of the year	10,000	-
Advances	-	10,000
	<b>10,000</b>	<b>10,000</b>
<b>8. Trade and other receivables</b>		
Trade receivables	565,033	358,116
Employee costs in advance	27,104	27,547
Prepayments	88,460	100,828
Deposits	33,432	33,457
VAT	181,862	-
IOU - Cash Book	9,467	-
Withholding Tax Receivable	10,406	-
Advance Given to Vendor	471,164	561,301
	<b>1,386,928</b>	<b>1,081,249</b>

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The company does not hold any collateral as security.

# Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

## Notes to the Financial Statements

	2015 TSh '000	2014 TSh '000
<b>9. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	45,586	31,093
Bank balances	997,723	772,365
Bank overdraft	(97,426)	-
	<u>945,883</u>	<u>803,458</u>
Current assets	1,043,309	803,458
Current liabilities	(97,426)	-
	<u>945,883</u>	<u>803,458</u>
National Bank of Commerce has issued the above overdraft to the company for working capital requirement, the overdraft limit is USD 1,000,000 at a interest rate of NBC USD base rate i.e.7.50% per annum.		
<b>10. Share capital</b>		
<b>Authorised</b>		
60,000 Ordinary shares of Tzs 100,000 each	6,000,000	6,000,000
Describe any changes in authorised share capital e.g. Conversion to net present value shares.		
<b>Issued</b>		
Ordinary	4,518,200	4,518,200
<b>11. Other financial liabilities</b>		
Term Loan I & M Bank	1,043,035	1,494,808
Term Loan of USD 6,000,000 (The Term Loan Facility shall be drawn in tranches of minimum USD 1,000,000 each) at an interest minimum of the Bank's Foreign Currency Base Rate minus 0.5% per annum (The Bank's current Foreign Currency Base Rate is 9% per annum) Insert terms and conditions here where terms and conditions are the same.		
The above loan is secured by a) Legal Charge/Mortgage for over Property known as Plot. No. 265, Kifaru Village, Mwanga District, Tanzania b) Fixed and Floating Debenture for the same.		
<b>Non-current liabilities</b>		
Fair value through profit or loss	1,043,035	1,494,808
<b>12. Current tax payable (receivable)</b>		
Opening balance	(18,910)	(900)
Charge for the year	1,053,552	183,098
Tax paid current year	(925,000)	(195,000)
Withholding tax	(10,194)	(6,108)
	<u>99,448</u>	<u>(18,910)</u>

# Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

## Notes to the Financial Statements

	2015 TSh '000	2014 TSh '000
<b>13. Trade and other payables</b>		
Trade payables		
Amounts received in advance	559,643	427,064
VAT	209,852	87,352
NSSF Payable	-	38,572
Withholding Tax Payable	-	12,976
Other payables	-	1,432
	29,413	126,511
	<b>798,908</b>	<b>693,907</b>
<b>14. Revenue</b>		
Sale of goods	16,351,308	15,337,940
<b>15. Cost of sales</b>		
Opening Stock	1,414,028	1,514,638
Purchases	6,864,621	6,289,519
Direct Expenses	3,322,563	3,286,960
Closing Stock	(1,629,128)	(1,414,028)
	<b>9,972,084</b>	<b>9,677,089</b>
<b>16. Other income</b>		
Profit on sale of assets and liabilities	2,091	-

# Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

## Notes to the Financial Statements

	2015 TSh '000	2014 TSh '000
<b>17. Operating expense</b>		
<b>The following items are included within operating expenses:</b>		
Advertising / Sales Promotion	2,000	2,020
Auditors remuneration	8,787	8,201
Bank charges	38,167	125,473
Consultancy, Professional, Legal and Govt. Fees	132,691	51,369
Depreciation, amortisation and impairments	54,957	52,212
Employee costs	923,416	828,700
Cane Farming Expenses	32,563	28,853
Canteen Expenses	7,440	8,879
Coupons Collections	33	-
Guest House Expenses	26,159	38,545
Preliminary Exp W/off (P&L)	42,306	42,306
Round'g Off	(1)	15
Clearing & Forwarding-Exports	31,918	16,549
Loading/Unloading - Sales	656	800
Insurance	98,529	109,258
Lease rentals on operating lease	112,797	68,457
Levies	50,291	19,307
Magazines, books and periodicals	972	556
Printing and stationery	14,809	20,492
Profit and loss on exchange differences	131,898	112,469
Loss on sale of assets and liabilities	-	1,746
Repairs and maintenance	182,349	198,338
Security	54,993	51,187
Staff & Social Welfare Expenses	31,595	72,092
Communications Charges	38,782	29,692
Transport and freight	459,951	414,523
Traveling, Conveyance, Lodging & Boarding	377,057	400,551
	<b>2,855,115</b>	<b>2,702,590</b>
<b>18. Finance costs</b>		
Interest on bank overdraft	63,153	2,653
Interest on Loan	321,779	628,685
	<b>384,932</b>	<b>631,338</b>
<b>19. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current</b>		
Local income tax - current period	1,053,553	183,098
<b>Deferred</b>		
Originating and reversing temporary differences	(131,291)	527,281
	<b>922,262</b>	<b>710,379</b>
<b>20. Auditors' remuneration</b>		
Fees	8,787	8,201



# Kilimanjaro Biochem Limited

Financial Statements for the year ended 31 March, 2015

## Notes to the Financial Statements

	2015 TSh '000	2014 TSh '000
<b>21. Cash generated from operations</b>		
Profit before taxation	3,141,268	2,326,923
Adjustments for:		
Depreciation and amortisation	1,903,072	1,821,807
Profit on sale of assets	(2,091)	1,746
Finance costs	384,932	631,338
Changes in working capital:		
Inventories	(215,100)	100,610
Trade and other receivables	(305,678)	8,478
Trade and other payables	105,001	(189,652)
	<b>5,011,404</b>	<b>4,701,250</b>
<b>22. Tax paid</b>		
Balance at beginning of the year	18,910	900
Current tax for the year recognised in profit or loss	(1,053,553)	(183,098)
Balance at end of the year	99,448	(18,910)
	<b>(935,195)</b>	<b>(201,108)</b>

### 23. Comparative figures

The previous years figures have been regrouped where ever required.