

METROPOLIS HEALTHCARE (TANZANIA) LIMITED LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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COMPANY INFORMATION

| | | | | |
|---------------------------|---|------------------------|----------|--------|
| BOARD OF DIRECTORS | : | Iqbal Ahmed | Director | Indian |
| | : | Avadhut Shrikant Joshi | Director | Indian |
| | : | Sushant Sitaram Kamath | Director | Indian |

| | | |
|--|---|-------------------------------------|
| REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS | : | Plot No 620, Block 8, House No.8763 |
| | : | United nations Road, Upanga |
| | : | P.O. Box 4737 |
| | : | Dar es Salaam |
| | : | Tanzania |

| | | |
|----------------------------|---|------------------------------|
| INDEPENDENT AUDITOR | : | Probs Associates |
| | : | Certified Public Accountants |
| | : | Jct Congo/AmaniStreet |
| | : | P.O. Box 60048 |
| | : | Dar es Salaam |
| | : | Tanzania. |

| | | |
|--------------------------|---|-------------------------|
| COMPANY SECRETARY | : | Imtiaz Ali Ahmed Shaikh |
| | : | P.O. Box 4737 |
| | : | Dar es Salaam |
| | : | Tanzania |

| | | |
|--------------------------|-----------|-------------------------------------|
| PRINCIPAL BANKERS | : | Diamond Trust Bank Tanzania Limited |
| | : | Harbour View Towers, Samora Avenue |
| | : | P.O.Box 115 |
| | : | Dar es Salaam |
| : | Tanzania. | |

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2024, which disclose the state of affairs of the Company.

INCORPORATION

The Company was incorporated in Tanzania under the Companies Act, 2002 as a private Company Limited by shares on 19 August 2018 and commenced operation from 1 April 2019. The registered office of the company is indicated on page 1.

COMPANY'S VISION

The vision of the Company is to be the leading Pathology company in the market nationally and internationally by adopting worldclass techniques and having competitive services

PRINCIPAL ACTIVITIES

The principal activities of the Company is providing human healthcare services and medical pathologies testing services.

PERFORMANCE FOR THE YEAR

| | 2024 Tshs. | 2023 Tshs. |
|----------------------------|----------------------|----------------------|
| (Loss)/profit before tax | 621,329,187 | 354,178,678 |
| Tax charge | <u>(171,206,019)</u> | <u>(105,414,941)</u> |
| (Loss)/profit for the year | <u>450,123,168</u> | <u>248,763,737</u> |

COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the Company during the year and up to date of this report are as indicated on page 1.

CORPORATE GOVERNANCE

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

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative and for compliance with sound corporate governance principles

The Board regularly meets during the year. The Senior management team is invited to attend board meetings and facilitates the effective control of all the company's operational activities, acting as a medium of communication and coordination between all the various business units.

The Company is committed to the principles of effective corporate governance. The directors recognise the importance of integrity, transparency and accountability.

REPORT OF THE DIRECTORS (CONTINUED)

CAPITAL STRUCTURE AND SHAREHOLDING

Capital structure

The Company's capital structure is as shown below;

| <i>Authorised, issue and fully paid-up</i> | 2024 Tshs. | 2023 Tshs. |
|--|-----------------------|-----------------------|
| 23,000 Ordinary shares of Tshs 20,000 each | 460,000,000 | 460,000,000 |

Shareholding

The shares of the Company are held as follows;

| | % | | |
|--------------------------------------|-------------|--------------------|--------------------|
| Ameera Shah | 0.1% | 460,000 | 460,000 |
| Metropolis Healthcare (Mauritus) Ltd | 99.9% | 459,540,000 | 459,540,000 |
| | 100% | 460,000,000 | 460,000,000 |

Directors' interest in the shares of the Company

All Directors have no beneficial interest in the share capital of the company.

DIVIDENDS

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control system 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 on going basis in order to provide reasonable assurance

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards the 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 system throughout the year ended 31 December 2024 and is of the opinion that they met accepted criteria.

REPORT OF THE DIRECTORS (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

In addition, the Company's activities expose it to a number of financial risk including credit risk, and liquidity risk as set-out below:

Credit risk

The Company's principal financial assets are cash and bank balances and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on cash and bank balances is limited because the counterparties are banks with high credit ratings. The Company has no significant concentration of credit risk, with exposure spread over a number of counterparties.

Cash flow and foreign currency risk

The majority of the Company's purchases are made in foreign currency. The Company is exposed to currency risk. It hedges the risk by agreeing exchange rate with foreign supplier especially for outsourced tests.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company monitors its need for cash on a regular basis and takes appropriate action.

SOLVENCY

The Board of Directors confirms that applicable, accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that Metropolis Healthcare (Tanzania) Limited has adequate resources to continue in operational existence for the foreseeable future.

The Company's state of affair is set out on page 11 of the financial statements.

EMPLOYEE WELFARE

Management and employees' relationship

There were continued good relations between employees and management during the year ended 31 December 2024.

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

Training facilities

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

REPORT OF THE DIRECTORS (CONTINUED)

EMPLOYEE WELFARE (CONTINUED)

Medical assistance

The company provides medical cover to its employees and eligible dependents through a Medical Insurance Scheme.

Health and safety

The Company has a strong safety and security section which ensures that a culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

Financial assistance to staff

Loans are available to all confirmed employees depending on the Company assessment of and the discretion of management as to the need and circumstances.

Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event that a member of staff becomes disabled, every effort is made to ensure that his/her employment with the Company continues and appropriate training is arranged. It is the policy of the Company that training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees.

Employees Benefit Plan

The company pays contributions to the NSSF statutory pension funds which is a mandatory pension plan and qualifies to be a defined contribution plan.

The average number of employees during the year was 25 .

RELATED PARTY TRANSACTION

The details of related party balances and transactions are included in Note 16 of the financial statements.

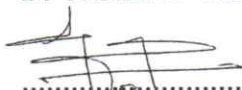
SUBSEQUENT EVENTS

No material events or circumstances have arisen between the accounting date and the date of this report that required either disclosure or adjustment in the financial statements.

INDEPENDENT AUDITOR

During the year, Probs Associates was appointed as the company's auditor and has expressed its willingness to continue in office in accordance with section 170(2) of the Tanzania Companies Act, 2002.

BY ORDER OF THE BOARD



Iqbal Ahmed

Director

08/05 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Tanzanian 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 its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; that disclose, with reasonable accuracy, the financial position of the company and that enable them to prepare financial statements of the company that comply with the International Financial Reporting Standards for Small and Medium Sized Entities and the requirements of the Tanzanian Companies Act, 2002. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and in the manner required by the Tanzanian Companies Act, 2002. They also accept responsibility for:


- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or
- ii. Selecting and applying appropriate accounting policies;
- iii. Making accounting estimates and judgements that are reasonable in the circumstances;

The Directors are of the opinion that the financial statements give a true and fair view of the financial position of Metropolis Healthcare (Tanzania) Limited as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium Sized Entities and the requirements of the Companies Act, 2002.


The Company's shareholders have confirmed that they will continue to provide financial support to the Company as and when funds are required for the Company's foreseeable future operational requirements and shall not demand repayments of its dues from the Company for the period of 12 months from the date of approval of these financial statements. As such, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 08/05 2025 and signed on its behalf by:



Iqbal Ahmed
Director



Avadhut Shrikant Joshi
Director

DECLARATION OF THE QUALIFIED ACCOUNTANT

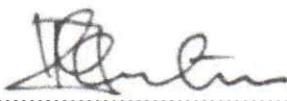
The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible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

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing a true and fair view of the entities position and performance in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under the Directors Responsibility statement on page 6.

In regard thereof, I **CPA JULIAN JONAS MUTUNZI** being the Independent Reviewer of Metropolis Healthcare (Tanzania) Limited hereby acknowledge my responsibility of ensuring that the company's financial statements for the year ended 31 December 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

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

Signed by: 

Position: Independent Reviewer

NBAA Membership No.:**ACPA-2283**.....

Date: ...**9/04/2025**.....

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF METROPOLIS HEALTHCARE (TANZANIA) LIMITED LIMITED**

Opinion

We have audited the financial statements of Metropolis Healthcare (Tanzania) Limited (the company) set out on pages 10 to 21, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Metropolis Healthcare (Tanzania) Limited as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the Tanzanian Companies Act, 2002.

Basis for opinion

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

Other information

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

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

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

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS for SMEs and the requirements of the Tanzania 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 misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF METROPOLIS HEALTHCARE (TANZANIA) LIMITED LIMITED (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to 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 director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

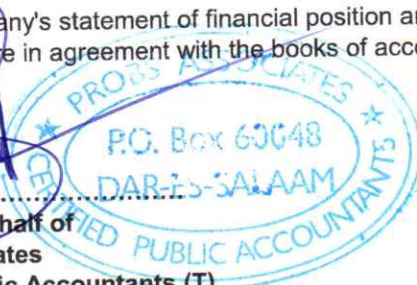
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other matters prescribed by the Tanzanian Companies Act, 2002

As required by the Tanzanian 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 Metropolis Healthcare (Tanzania) Limited, so far as appears from our examination of those books; and
- (iii) the company's statement of financial position and statement of profit and loss and other comprehensive income are in agreement with the books of account.

For and on behalf of
Probs Associates
Certified Public Accountants (T)



08/05
.....2025
Dar es Salaam

Metropolis Healthcare (Tanzania) Limited
Annual report and financial statements
For the year ended 31 December 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Notes | 2024 Tshs. | 2023 Tshs. |
|-----------------------------------|-------|---------------------------|---------------------------|
| Revenue from Operations | 2 | 2,756,271,578 | 2,265,076,302 |
| Cost of Material | | <u>(437,745,770)</u> | <u>(551,157,984)</u> |
| Gross profit | | 2,318,525,808 | 1,713,918,318 |
| Other income | | 62,125,767 | 4,156,164 |
| Laboratory testing charges | | (663,902,053) | (412,839,828) |
| Administrative expenses | | <u>(1,095,420,335)</u> | <u>(951,055,976)</u> |
| Operating profit/(loss) | 3 | 621,329,187 | 354,178,678 |
| Finance costs | | <u>-</u> | <u>-</u> |
| Profit/(loss) before tax | | 621,329,187 | 354,178,678 |
| Tax charge for the year | 4 | <u>(171,206,019)</u> | <u>(105,414,941)</u> |
| Profit/(loss) for the year | | <u>450,123,168</u> | <u>248,763,737</u> |

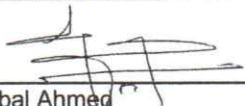
The notes on pages 14 to 21 form an integral part of these financial statements.


Report of the independent auditor - page 8 and 9.

STATEMENT OF FINANCIAL POSITION

| | Notes | 2024 Tshs. | 2023 Tshs. |
|--------------------------------------|-------|----------------------|----------------------|
| EQUITY | | | |
| Share capital | 6 | 460,000,000 | 460,000,000 |
| Retained earnings/ (loss) | | 662,651,520 | 212,528,353 |
| Shareholders deficit | | 1,122,651,520 | 672,528,353 |
| REPRESENTED BY | | | |
| Non-current assets | | | |
| Property and equipment | 7 | 322,268,894 | 333,077,244 |
| Investment in associates | | 0 | 0 |
| | | 322,268,894 | 333,077,244 |
| Current assets | | | |
| Inventory | 7 | 77,772,182 | 108,270,973 |
| Trade and other receivables | 8 | 550,245,342 | 547,799,165 |
| Cash and cash equivalents | 10 | 446,485,575 | 721,161,501 |
| Tax recoverable | | 115,261,095 | 76,090,594 |
| | | 1,189,764,194 | 1,453,322,232 |
| Current liabilities | | | |
| Trade and other payables | 11 | 389,381,568 | 1,113,871,123 |
| taxation | | | |
| | | 389,381,568 | 1,113,871,123 |
| Net current (liability)/asset | | 800,382,626 | 339,451,109 |
| | | 1,122,651,520 | 672,528,353 |

The financial statements on pages 10 to 21 were approved and authorised for issue by the Board of Directors on 08/05/2025 and were signed on its behalf by:


Iqbal Ahmed
Director


Avadhut Shrikant Joshi
Director

The notes on pages 14 to 21 form an integral part of these financial statements.

Report of the independent auditor - page 8 and 9.

STATEMENT OF CASH FLOWS

| | Notes | 2024 Tshs. | 2023 Tshs. |
|--|-------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Profit/(Loss) before tax | | 621,329,187 | 354,178,678 |
| Adjustments for: | | | |
| Depreciation | | 47,080,733 | 47,740,243 |
| Gain in Foreign Exchange | | (50,867,678) | |
| Changes in working capital: | | | |
| - trade and other receivables | | (2,446,177) | (303,996,348) |
| - inventories | | 30,498,791 | 43,091,035 |
| - trade and other payables | | (673,621,877) | 507,835,392 |
| Tax paid | | <u>(210,376,520)</u> | <u>(115,942,263)</u> |
| Net cash from /(used in) operating activities | | <u>(238,403,542)</u> | <u>532,906,737</u> |
| Cash flows from investing activities | | | |
| Cash paid for purchase of plant and equipment | | (36,272,383) | (5,268,400) |
| Investment in associates | | <u>-</u> | <u>58,550,000</u> |
| Net cash from/(used in) investing activities | | <u>(36,272,383)</u> | <u>53,281,601</u> |
| Cash flows from financing activities | | | |
| | | <u>-</u> | <u>-</u> |
| Increase/(decrease) in cash and cash equivalents | | <u>(274,675,925)</u> | <u>586,188,337</u> |
| Movement in cash and cash equivalents | | | |
| At start of year | | 721,161,500 | 134,973,163 |
| Increase/(decrease) in cash and cash equivalents | | <u>(274,675,925)</u> | <u>586,188,337</u> |
| At end of year | 10 | <u>446,485,570</u> | <u>721,161,500</u> |

The notes on pages 14 to 21 form an integral part of these financial statements.

Report of the independent auditor - page 8 and 9.

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements of Metropolis Healthcare (Tanzania) Limited have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 2 (b).

These financial statements comply with the requirements of the Tanzania Companies Act, 2002. The statement of profit or loss and statement of comprehensive income represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

The financial performance of the company is set out in the Director's report and in the statement of profit or loss and the other comprehensive income. The financial position of the company is set out in the statement of financial position.

The Company's shareholders have confirmed that they will continue providing financial support as and when funds are required for the Company's future operational requirements and shall not demand repayments of its dues from the Company for the period of 12 months from the date of approval of these financial statements. As such, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

b) Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Key sources of estimation uncertainty (continued)

Provision for doubtful debts

Provision is made against accounts that in the estimation of management may be impaired. The management assesses the recoverability of the accounts receivables based on a range of factors, including the age of the balance and the credit worthiness of the customer. The management on a regular basis estimates the likely financial condition of the customer and their ability to subsequently make payments.

c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Revenue is shown net of sales/value-added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities.

- i) Sales of goods are recognised upon delivery of products and customer acceptance;
- ii) Sales of services are recognised upon performance of the services rendered by reference to the stage of completion of the service contract;

d) Property, plant and equipment

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

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

Depreciation is calculated on straight line method to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

| Assets | Rate |
|---------------------------|-------------|
| Laboratory Equipments | 12.5% |
| Office Equipments | 12.5% |
| Computers and Accessorie: | 12.5% |
| Furniture and Fittings | 12.5% |
| Motorvehicles | 25.0% |

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Property, plant and equipment(continued)

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

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

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

e) Impairment of non-financial assets other than inventories

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

f) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and demand deposits with bank.

g) Financial assets

Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest.

h) Financial liabilities

Financial liabilities are initially recognised at the transaction price (less transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest.

i) Provisions

Provisions for restructuring costs and legal claims are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Tanzanian shillings at rates ruling at the transaction dates. Assets and liabilities at the statement of financial position date which are expressed in foreign currencies are translated into Tanzanian shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

k) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Offsetting

An entity shall offset current tax assets and current tax liabilities, or offset deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off the amounts and the entity can demonstrate without undue cost or effort that it plans either to settle on a net basis or to realise the asset and settle the liability simultaneously.

l) Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

The Company and its employees contribute to the statutory pension fund which is a defined contribution scheme. Contributions are determined by local statute and the Company's contributions are charged to the statement of comprehensive income in the year to which they relate.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Share capital

Ordinary shares are classified as equity.

n) Impairment of assets

At each reporting date, property, plant and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

o) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

p) Comparatives

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

NOTES (CONTINUED)

| | 2024 | 2023 |
|--|----------------------|----------------------|
| | Tshs. | Tshs. |
| 2. Revenue from operations | | |
| Testing Services | <u>2,756,271,578</u> | <u>2,265,076,302</u> |
| 3. Other income | | |
| Interest received | - | - |
| Miscellaneous income | 11,258,089 | 4,156,164 |
| Unrealized foreign exchange | <u>50,867,678</u> | <u>-</u> |
| | <u>62,125,767</u> | <u>4,156,164</u> |
| 4. Operating loss | | |
| The following items have been charged in arriving at the operating loss: | | |
| Depreciation (Note 23) | 47,080,733 | 47,740,243 |
| Auditor's remuneration | <u>3,000,000</u> | <u>3,000,000</u> |
| 5. Tax | | |
| Current tax | <u>171,206,019</u> | <u>105,414,941</u> |
| The tax on the company's loss before tax differs from the theoretical amount that would arise using the basic rate as follows: | | |
| Profit before tax | <u>621,329,187</u> | <u>354,178,678</u> |
| Tax calculated at a tax rate of 30% (2023: 30%) | 186,398,756 | 106,253,603 |
| Tax effect of: | | |
| - unrecognized deferred tax | (15,192,737) | (838,662) |
| - Expenses not deductible for tax purpose | <u>-</u> | <u>-</u> |
| Tax charge | <u>171,206,019</u> | <u>105,414,941</u> |
| 6. Share capital | | 1,436,687 |
| Authorised, issued and fully paid: | | |
| 23,000 Ordinary shares of Tshs 20,000 each | <u>460,000,000</u> | <u>460,000,000</u> |

NOTES (CONTINUED)

| | 2024 | 2023 |
|--|--------------------|----------------------|
| | Tshs. | Tshs. |
| 8. Inventory | | |
| Medicines and other inventory | <u>77,772,182</u> | <u>108,270,973</u> |
| 9. Trade and other receivables | | |
| Trade receivables | 437,866,997 | 508,314,713 |
| Provision for bad debts | <u>26,735,339</u> | <u>31,577,534</u> |
| | 464,602,336 | 539,892,247 |
| Advance and prepayments | 85,643,006 | 7,906,918 |
| Other receivables | <u>0</u> | <u>0</u> |
| | <u>550,245,342</u> | <u>547,799,165</u> |
| 10. Cash and cash equivalents | | |
| Cash in hand | 93,857,761 | 6,652,288 |
| Cash at bank | <u>352,627,814</u> | <u>714,509,213</u> |
| | <u>446,485,575</u> | <u>721,161,501</u> |
| 11. Trade and other payables | | |
| Trade payables | 73,111,545 | 708,448,005 |
| Other payables | <u>316,270,018</u> | <u>405,423,118</u> |
| | <u>389,381,564</u> | <u>1,113,871,123</u> |
| 12. Related party transactions | | |
| Outstanding balances arising from transactions with related parties | | |
| Payable to related parties (Note 10) | | |
| Metropolis Healthcare Ltd (India) | <u>121,034,828</u> | <u>679,984,100</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Property and equipment

| | Lab equipment Tshs. | Office equipment Tshs. | Computer and accessories Tshs. | Furnitures, fittings equipments Tshs. | Motor vehicle Tshs. | Total Tshs. |
|------------------------------------|---------------------------|------------------------------|---|--|-------------------------|---------------------------|
| Year ended 31 December 2024 | | | | | | |
| Cost | | | | | | |
| At start of year | 225,864,500 | 114,654,108 | 39,200,700 | 107,786,743 | 17,198,800 | 504,704,851 |
| Additions | 3,884,560 | 24,718,683 | - | 7,669,140 | 0 | 36,272,383 |
| At end of year | <u>229,749,060</u> | <u>139,372,791</u> | <u>39,200,700</u> | <u>115,455,883</u> | <u>17,198,800</u> | <u>540,977,234</u> |
| Depreciation | | | | | | |
| At start of year | 80,943,672 | 29,956,191 | 13,380,654 | 37,444,524 | 9,902,565 | 171,627,607 |
| Charge for the year | 18,600,674 | 13,677,075 | 3,227,506 | 9,751,420 | 1,824,059 | 47,080,733 |
| At end of year | <u>99,544,345</u> | <u>43,633,266</u> | <u>16,608,160</u> | <u>47,195,944</u> | <u>11,726,624</u> | <u>218,708,340</u> |
| Net Book Value | <u>130,204,715</u> | <u>95,739,524</u> | <u>22,592,540</u> | <u>68,259,939</u> | <u>5,472,176</u> | <u>322,268,894</u> |
| Year ended 31 December 2023 | | | | | | |
| Cost | | | | | | |
| At start of year | 225,864,500 | 112,778,208 | 39,200,700 | 106,910,843 | 14,682,200 | 499,436,452 |
| Additions | | 1,875,900 | | 875,900 | 2,516,600 | 5,268,400 |
| At end of year | <u>225,864,500</u> | <u>114,654,108</u> | <u>39,200,700</u> | <u>107,786,743</u> | <u>17,198,800</u> | <u>504,704,851</u> |
| Depreciation | | | | | | |
| At start of year | 60,240,696 | 18,124,474 | 9,692,076 | 27,520,764 | 8,309,353 | 123,887,364 |
| Charge for the year | 20,702,976 | 11,831,717 | 3,688,578 | 9,923,760 | 1,593,212 | 47,740,243 |
| Deletion | | | | | | |
| At end of year | <u>80,943,672</u> | <u>29,956,191</u> | <u>13,380,654</u> | <u>37,444,524</u> | <u>9,902,565</u> | <u>171,627,607</u> |
| Net Book Value | <u>144,920,828</u> | <u>84,697,916</u> | <u>25,820,046</u> | <u>70,342,219</u> | <u>7,296,235</u> | <u>333,077,244</u> |

NOTES (CONTINUED)

13 Contingent liabilities

The directors are not aware of any other contingent liabilities against the company as at the date of this report.

14 Subsequent events

The Directors of the Company are not aware of any events or matters since the date of this report that require adjustments or disclosure in the financial statements.

15. Incorporation

The Company was incorporated in Tanzania under the Companies Act, 2002 as a private Company Limited by shares on 19 August 2018 and commenced operation from 1 April 2019.

16. Presentation currency

These financial statements are presented in Tanzania Shillings ('Tshs).

SCHEDULE OF EXPENDITURE

| | 2024 Tshs. | 2023 Tshs. |
|--|-----------------------------|---------------------------|
| 1. Cost of material | | |
| Opening stock | 108,270,973 | 151,362,008 |
| Purchases | 407,246,979 | 508,066,949 |
| Closing stock | <u>(77,772,182)</u> | <u>(108,270,973)</u> |
| Total Material costs | <u>437,745,770</u> | <u>551,157,984</u> |
| 2. Laboratory testing charges | | |
| Laboratory testing charges | <u>663,902,053</u> | <u>412,839,828</u> |
| 3. Administrative expenses | | |
| Employment: | | |
| NSSF contribution | 27,879,523 | 27,789,568 |
| NHIF contribution | 8,207,135 | 8,005,029 |
| Salary and wages | 422,653,829 | 432,211,668 |
| Staff training | 133,332 | 299,997 |
| Overtime | 2,564,598 | 4,324,441 |
| Bonus | 11,796,696 | 8,635,818 |
| Leave encashment | 5,443,916 | 4,182,703 |
| Incentives | 3,723,856 | 6,894,020 |
| Skills and development levy | 9,757,832 | 10,410,551 |
| Staff welfare expenses | 11,546,749 | 14,408,992 |
| Workers compensation fund | <u>29,093,428</u> | <u>1,389,480</u> |
| Total employment costs | <u>532,800,893</u> | <u>518,552,267</u> |
| Other administrative expenses: | | |
| Electricity | 27,168,450 | 26,941,900 |
| City service levy | 6,122,226 | 4,392,062 |
| Bad debt | 4,402,667 | 2,237,137 |
| Internet expenses | 3,634,000 | 2,675,500 |
| Telephone expenses | 5,500,653 | 4,888,761 |
| Legal and professional fees | 7,587,428 | 7,630,720 |
| Audit fees | 3,000,000 | 3,000,000 |
| Marketing expenses | 20,504,675 | 18,610,840 |
| Office expenses | 47,757,633 | 35,732,044 |
| Licences and permits | 19,498,991 | 14,854,217 |
| Rent expenses | 200,435,021 | 162,138,366 |
| Repair and maintenance | 40,379,620 | 47,589,370 |
| Travelling expenses | 16,573,288 | 20,299,638 |
| Realized foreign exchange losses | 106,073,871 | - |
| Bank charges | 6,900,187 | 33,772,911 |
| Depreciation | <u>47,080,733</u> | <u>47,740,243</u> |
| Total other administrative expenses | <u>562,619,442</u> | <u>432,503,710</u> |
| Total administrative expenses | <u>1,095,420,335</u> | <u>951,055,976</u> |

TAX COMPUTATION

PERIOD COVERED : 12 MONTHS

| | Tshs. | Tshs. |
|--|-------------------|---------------------------|
| Profit as per financial statements | | 621,329,187 |
| Add: Depreciation on property and equipment | 47,080,733 | |
| permanent disallowable | - | |
| Unrealised exchange loss - shareholders loans | (50,867,678) | |
| | | <u>(3,786,945)</u> |
| | | 617,542,241 |
| Less: Wear and tear allowance | <u>46,855,512</u> | <u>(46,855,512)</u> |
| ADJUSTED TRADE (LOSS) FOR THE YEAR | | <u><u>570,686,729</u></u> |

SUMMARY

| | BUSINESS INCOME Tshs. |
|----------------------|--------------------------------------|
| Loss brought forward | - |
| Profit for the year | <u>570,686,729</u> |

TAXABLE ADJUSTED (LOSS)

| | |
|------------------------------|----------------------|
| | <u>570,686,729</u> |
| Income tax charge 30% | 171,206,019 |
| Amount paid | <u>(153,122,388)</u> |
| Amount to be paid | <u>18,083,631</u> |

WEAR AND TEAR SCHEDULE

| | Class (i) 37.50% Tshs. | Class (ii) 25.00% Tshs. | Class (iii) 12.50% Tshs. | Total Tshs. |
|--|---------------------------------------|--|---|------------------------------------|
| Written down values brought forward | 11,696,032 | 3,430,613 | 296,622,391 | 311,749,035 |
| Additions | - | - | 36,272,383 | <u>36,272,383</u> |
| Wear and tear allowance | 11,696,032 <u>(4,386,012)</u> | 3,430,613 <u>(857,653)</u> | 332,894,774 <u>(41,611,847)</u> | 348,021,418 <u>(46,855,512)</u> |
| Written down values carried forward | <u>7,310,020</u> | <u>2,572,959</u> | <u>291,282,927</u> | <u>301,165,906</u> |