TOL GASES LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2014

TOL GASES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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TOL GASES LIMITED

COMPANY INFORMATION
31 DECEMBER 2014

PRINCIPAL PLACE OF BUSINESS

Plot No.4, Nyerere Road
P. O. Box 911
Dar es Salaam

BANKERS

NBC Bank Limited
Industrial Branch
Nyerere Road
P. O. Box 40301
Dar es Salaam

CRDB Bank Plc
Vijana Branch
P. O. Box 10876
Dar es Salaam

Tanzania Investment Bank Ltd
Mlimani City
P. O. Box 9373
Dar Es Salaam

ABC Bank Limited
Barclays House,1st Floor
P. O. Box 31
Dar es Salaam

COMPANY AUDITOR

Ernst & Young
Certified Public Accountants
Utalii House
P. O. Box 2475
Dar es Salaam

COMPANY LAWYERS

Ngalo & Company Advocates
6th Floor IPS Bulidings
P. O. Box 79872
Dar es Salaam
Tanzania

Law Associates Advocates
6th Floor CRDB Buildings
Azikiwe Street
P. O. Box 11133
Dar es Salaam
Tanzania

Mbamba & Company Advocates
Consolidated Investment Buliding
2nd Floor Libya Street
P. O. Box 70280
Dar es Salaam
Tanzania

Kariwa & Co Advocates
Kiungani Street No.77
Off Lumumba Street.
Mkunazini Bldg 1st Floor
P. O. Box 13138
Dar es Salaam
Tanzania

TOL GASES LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

1. INTRODUCTION

The Directors present their report and the audited financial statements for the financial year ended 31 December 2014 which disclose the state of affairs of TOL Gases Limited. The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on _______ 2015.

2. INCORPORATION

TOL Gases Limited is incorporated in Tanzania under Tanzanian Companies Act, 2002 as a public company limited by shares.

3. COMPANY'S VISION

To be the pride of Tanzania in Eastern, Central and Southern African markets for gases, complementing accessories and services.

4. COMPANY'S MISSION

To be the leading, safest and reliable supplier of high quality gases, complementing accessories and services in Eastern, Central and Southern Africa.

5. PRINCIPAL ACTIVITIES

The principal activity of the company is production and distribution of industrial gases, medical gases and related accessories.

6. COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the company at the date of this report and who have served since 01 January 2014; unless otherwise stated, are listed below:

Name	Position	Age (years)	Nationality	Appointment/ (resignation)
Eng. Harold Temu	Chairman	65	Tanzanian	28 April 2014
Mr. Michael Shirima	Director	71	Tanzanian	28 April 2014
Mr. Godfrey Urasa	Director	72	Tanzanian	28 April 2014
Mr. Simon Mponji	Director	71	Tanzanian	28 April 2014
Mr. Justin Massawe	Director	34	Tanzanian	28 April 2014
Mr Arphaxad Masambu	Director	55	Tanzanian	(28 April 2014)
Mr. Thomas Samkyi	Director	58	Tanzanian	28 April 2014
Treasury Register	Director		Tanzanian	28 April 2014

7. BOARD COMMITEES

AUDIT COMMITTEE

Mr. Godfrey Urasa	Chairman	72	Tanzanian
Mr. Simon Mponji	Member	71	Tanzanian
Mr. Justin Massawe	Member	34	Tanzanian

INVESTMENT COMMITTEE

Mr.Thomas Samkyi	Chairman	58	Tanzanian
Mr. Michael Shirima	Member	71	Tanzanian
Mr. Justin Massawe	Member	34	Tanzanian

All Directors were non-executive. The company Secretary during the year ended 31 December 2014 was David Mchangilla.

8. DIRECTORS' REMUNERATION

The Directors are paid an allowance for each meeting they attend. Allowances paid during the year are disclosed in Note 27. Additionally, six of the directors, Mr. Michael Shirima, Eng. Harold Temu, Mr. Godfrey Urasa, Mr. Simon Mponji, Mr. Thomas Samkyi and Justin Massawe, hold shares in the company as shown in the table below.

9. SHAREHOLDING

The total number of shares issued as at the end of the year 2014 is 55,835,529 (2013: 37,223,686).

Shareholder	Number of shares	%
M/S Erncon Holding Limited	8,017,380	14.36
Ernest Saronga Massawe	5,871,759	10.52
Treasury Registrar	3,570,457	6.39
Goodison Fourthy Seven Limited	3,196,165	5.72
Anorld B.S. Kilewo	2,717,397	4.87
Godfrey Urasa	2,617,835	4.69
Harold Temu	2,453,684	4.39
Lake Chala Safari Lodge	1,757,550	3.15
Michael Shirima	1,680,405	3.01
Simon Mponji	44,851	0.08
Justine Massawe	400,100	0.72
Thomas Samkyi	14,852	0.03
Others	23,507,946	42.08
TOTAL	**55,835,529**	**100.00**

10. CAPITAL STRUCTURE

The company capital structure for the year under review is shown below:

Authorised Share Capital
60 Million Ordinary Shares of TZS 100 (Tanzanian Shilling One Hundred) each.

Called up and fully paid share capital

55,835,529 ordinary shares of TZS 100 each (2013: 37,223,690 ordinary shares)

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

11. CORPORATE GOVERNANCE

Code of Corporate Practice and Conduct

TOL Gases Limited is committed to the principles of effective corporate governance and the Board is of the opinion that the company currently complies with principles of good corporate governance. The Board has formed committees which deal with Audit, Finance, Investment, Planning and Administration since 2009 for better corporate governance.

The Board of Directors

The Board of TOL Gases Limited consists of seven Directors. None of the Directors hold executive positions in the company. The Board takes overall responsibility for the company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of management against budgets and business plans. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative for compliance with sound corporate governance principles. The Board is chaired by a Director who has no executive functions. The Board is confident that its members have the knowledge, talent and experience to lead the company. The Non-Executive Directors are independent of management and exercise their independent judgment. With their depth of experience, they add value to Board deliberations.

The Board is required to meet at least four times a year and oversee the management of the business. Although the Chief Executive Officer of the company is designated as Managing Director; he is not a member of the Board of Directors. He reports to the Board and enjoys all executive powers. He is assisted by senior management in the day to day operations of the company. The Managing Director and other Senior Managers are invited to attend Board meetings and meetings of the of the sub committees of the Board which facilitate the effective control of all the company's operational activities, acting as a medium of communication and coordination between the various business units.

Senior management meets on a regular basis to review the results, operations, key financial indicators and the business strategy of the company. Board meetings are held quarterly to deliberate the results of the company.

Performance evaluation and reward

Details of the remuneration paid to key management are disclosed in Note 27 to the financial statements. The company benchmarks its reward system with prevailing going rate in the labour market to ensure that it is able to recruit and retain the best available talent. A bonus scheme is in place to ensure collective and individual contribution towards the success of the company is recognised and rewarded.

11. CORPORATE GOVERNANCE (Continued)

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

- The safeguarding of the company's assets (including information);
- Compliance with the applicable laws, regulations and supervisory requirements;
- The reliability of the accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards all stakeholders.

The Board assessed the internal control systems throughout the financial year ended 31 December 2014 and is of the opinion that they met acceptable criteria.

Ethical behaviour

Compliance with the Code of Conduct is the ultimate responsibility of the Managing Director with day-to-day monitoring delegated to line management with the support of personnel officers. All staff are expected to maintain the highest level of integrity and honesty in dealing with customers, suppliers, service providers and colleagues.

The company's Code of Conduct commits it to the highest standards of integrity, conduct and ethics in its dealings with all parties concerned, including its Directors, managers, employees, customers, suppliers, competitors, investors, shareholders and the public in general. The Directors and staff are expected to fulfil their ethical obligations in such a way that the business is run strictly according to fair commercial competitive practices

Financial reporting and auditing

The Directors accept final responsibility for the preparation of the annual financial statements which fairly present:

- The financial position of the company as at the end of the year under review;
- The financial results of operations and;
- The cash flows for that period.

The responsibility for compiling the annual financial statements is vested in the management and the financial audit was carried out independently by an external auditor and the company complied with the Companies Act 2002 and other laws of Tanzania.

11. CORPORATE GOVERNANCE (Continued)

The external auditors of the company report on whether or not the annual financial statements are fairly presented.

The Directors are satisfied that during the year under review:

- Adequate accounting records were maintained;
- An effective system of internal control and risk management, monitored by management, was maintained;
- Appropriate accounting policies, supported by reasonable and prudent judgments and estimates, were used consistently; and
- The financial statements were compiled in accordance with International Financial Reporting Standards and in the manner required by the Tanzanian Companies Act, 2002.

The Directors are also satisfied that no material event has occurred between the financial year-end and the date of this report which affects the business or has not been reported.

The Directors are of the opinion that the company has sufficient resources and commitments at its disposal to operate the business in the foreseeable future. The financial statements have been prepared on a going concern basis.

12. MANAGEMENT

The Management of the company is led by the Managing Director and is organized in the following functions:

- Finance and Accounts
- Production and Engineering
- Marketing and Business Development
- Human Resources and Administration

12. MANAGEMENT (Continued)

The key management personnel who served the company during the year ended 31 December 2014 were:

Name	Position
Mr. Daniel Warungu	Managing Director
Mr. John Mbiri	Director Production and Engineering
Mrs. Juliana Mrikaria	Director of Human Resource and Administration
Mr. Evarist Tilafu	Director of Finance
Miss. Timea Chogo	Manager Marketing and Business Development

13. FUTURE DEVELOPMENT PLANS

The company is well on course to full recovery and is tracking well along the turnaround strategy 2011-2015 as evidenced by the performance of this year. Board is confident that the objectives of the turnaround strategy will be achieved. The following are updates and developments of major initiatives in the turnaround strategy:

(i) The first round of the rehabilitation of the ASPEN plant was completed which resulted in very good reliability and efficiency. On average the plant is producing at 80-90% efficiency. Total power consumption per cubic meter of gas produced has come down by 43%. The plant can now produce crude argon and it is expected that the plant will be in a position to produce pure argon in the second phase of repairs–expected the last quarter 2015. In line with this, the company has increased storage capacity for liquid gases. This will ensure continuous availability of industrial gases into the market and also save the company's energy costs through production by batch method.

Following these improvements on the ASPEN plant, the company is engaged in finding customers for bulk liquid oxygen and nitrogen in the neighbouring countries of Kenya, Zambia and Zimbabwe. Already one such customer from Zambia has been engaged through a supply contract beginning second quarter 2015. Marketing and selling liquid oxygen and nitrogen within and outside the country is one of the company's top priorities.

(ii) Carbon dioxide (CO_2) line continues to grow as the company continues to demonstrate its reliability and consistency of supplying high quality food grade CO_2 to both local and foreign bottling customers. Storage capacity was increased by 100 tons during the year, three additional 20 ton tankers were also added during the year. The company will continue to invest in both its storage and transport capacity for CO_2 to strengthen reliability and increase market share across East Africa and SADC region. Already the company is supplying Malawi, Zambia and DRC markets.

13. FUTURE DEVELOPMENT PLANS (Continued)

The company has overcome all the production bottlenecks and more efforts are employed on building customer intimacy, aggressive marketing and brand awareness. In the midst of this, the company has acquired a plot in Mtwara which is a strategic location to tap into oil and gas sector in both Southern Tanzania and Northern Mozambique.

Future outlook

The company has made significant strides towards recovering its regional market share in carbon dioxide market following capacity enhancement and renewal of distribution fleet. Besides domestic market the company has been supporting customers in other SADC countries of Malawi and Zambia and DRC. While competition is expected to increase in these markets following other new entrants, TOL is well positioned to capitalise also on the expected growth in the beverage sector in the region.

Further, refurbishment of ASPEN 1000 will see the company realize it's preferred status as a reliable and competitive supplier of liquid oxygen, nitrogen and argon gases in the region. At a time when oil and gas mining in the region is beginning to take shape, refurbishment of the ASPEN 1000 has been the right step to take as this sector offers the opportunity to utilise what has been otherwise oversized plant until now

In conclusion, TOL's future remains bright and promising. The company is on course to full recovery and is expected to reverse the accumulated losses in the course of financial year 2015.

14. DIVIDEND

The Directors do not recommend dividends in respect of the year ended 31 December 2014 (2013: Nil).

15. PERFORMANCE FOR THE YEAR

The detailed financial performance of the company during the year is set out on page 14 of these financial statements, showing a profit before tax of TZS 2,290 million (2013: profit of 945 million), an increase of 142% over last year, while the net sales growth was 35% over the last year

16. SOLVENCY

The Board of Directors confirms that International Financial reporting standards (IFRS) have been followed and that the financial statements have been prepared on a going concern basis with a reasonable expectation that TOL Gases Limited has adequate resources to continue its operational existence in the foreseeable future.

17. ACCOUNTING POLICIES

The annual financial statements are prepared on the underlying assumption of a going concern. The company's accounting policies, which are laid out on pages 18 to 31, are subject to an annual review to ensure continuing compliance with International Financial Reporting Standards.

18. INVESTMENTS

The company made investment in property, plant and equipment to the value of TZS 4.92 billion (2013: TZS 2.46 billion) during the year ended 31 December 2014.

19. EMPLOYEES' WELFARE

Management and Employees' Relationship

A healthy relationship continues to exist between management and employees. There were no unresolved complaints received by Management from the employees during the year. 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 like gender, marital status, tribe, religion or disability.

Training Facilities

The company sponsors its employees for both short and long term courses within and outside the country in various disciplines depending on the corporate needs and financial resources available

Medical Assistance

The company has medical insurance for permanent employees with their families.

Health and Safety

The company has a strong health and safety awareness which ensures that a culture of hygiene and safety prevails at all times. All employees and contractors are provided with appropriate personal protective equipment, all of which meets the safety requirements laid down under Occupational Health and Safety Act 2003 and other legislation concerning industrial safety, health and hygiene. The company also organises regular health check-up for its employees which confirm to the applicable statutes and regulations in Tanzania

Persons with Disabilities

It remains the company's policy to accept disabled persons for employment for those vacancies that they are able to fill. Opportunities for advancement are provided to each disabled person when a suitable vacancy arises within the organisation and all necessary assistance is given along with initial training. Where an employee becomes disabled during the course of his or her employment, the company provides suitable alternate employment and necessary training thereof. The company's policy is not discriminatory against people with regards to race, gender, religion or disability

Financial Assistance to Staff

Loans are available to all permanent employees who are members of SACCOS. The company supports the SACCOS by being facilitator of loan repayment to CRDB Bank.

19. EMPLOYEES' WELFARE (Continued)

Retirement Benefits

The company makes contributions in respect of staff retirement benefits to a defined statutory contribution plan, i.e. National Social Security Fund and Parastatals Pension Fund. The company's obligations in respect of these contributions are limited to 10% and 15% respectively of the employees' gross salary, while the employees contribute 10 % and 5% of their gross salary.

The company's employment terms are regularly reviewed to ensure they continue to meet statutory compliance and market conditions. The company communicates with its employees through regular management and staff meetings and through circulars. The company has continued to maintain a conducive working environment in terms of providing suitable work place, offices, washrooms and canteen facilities.

20. GENDER PARITY

The company is 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 like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties. As at 31 December 2014 the company has the ratio of 1:5 female to male employees.

21. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 27 to these financial statements.

22. POLITICAL DONATIONS

The company does not make political donations.

23. ENVIRONMENTAL CONTROL PROGRAMME

The company has an environment policy and takes appropriate pollution control measures to comply with various environment and pollution related statutes in Tanzania.

24. QUALITY

The company has a formal quality assurance accreditation program, with all operations being monitored closely and the products are tested in the company Laboratory, Airborne Labs International USA as well as, Tanzania Bureau of Standards (TBS). The company has been certified with ISO 22000.

25. CORPORATE SOCIAL INVESTMENT

During the year TOL Gases Limited continued to support Tanzanian society through its Corporate Social Responsibility program. The company participated in the rehabilitation of the Katumba Bridge in Rungwe district.

26. 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 the company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

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 (IFRS) and in the manner required by the Tanzanian 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. The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

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.

27. AUDITORS

The auditors, Ernst & Young have expressed their willingness to continue in office as auditors and are eligible for reappointment. A resolution proposing the re-appointment of Ernst & Young as auditors for the year 2015 will be tabled at the Annual General Meeting.

By order of the Board

Name: ____________________ Title: _________________ Signature: ____________

Name: ____________________ Title: _________________ Signature: ______________

Date: ___________________2015

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of
TOL GASES LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of TOL Gases Limited set out on pages 14 to 48, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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 the International Financial Reporting Standards 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.

Auditor's 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 about 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 auditor's 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.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of
TOL GASES LIMITED (Continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2014, and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Tanzanian Companies Act, 2002.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Tanzania 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 purpose of our audit;

ii. In our opinion, proper books of accounts have been kept by the company, so far as appears from our examination of those books;

iii. The Directors' Report is consistent with the financial statements,

iv. Information specified by law regarding directors' remuneration and transactions with the company is disclosed; and

v. The company's statement of financial position and statement of comprehensive income are in agreement with the books of accounts.

Ernst & Young
Certified Public Accountants
36 Laibon Road Oysterbay
P.O Box 2475
Dar es Salaam – Tanzania

Signed by Neema Kiure-Mssusa (Partner) ____________

______________________2015

TOL GASES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 TZS '000	2013 TZS '000
Revenue	8	14,610,979	10,832,491
Cost of sales	9	(7,807,317)	(6,234,812)
Gross profit		6,803,662	4,597,679
Other income	10	693,945	358,841
Operating expenses	11	(4,073,433)	(3,599,883)
Operating profit		3,424,174	1,356,637
Finance costs	13	(1,133,513)	(411,115)
Profit before tax		2,290,661	945,522
Income tax expense	22	(269,494)	52,968
Profit for the year		2,021,167	998,490
Other comprehensive income		-	-
Total comprehensive income		2,021,167	998,490
Basic earning per share (TZS)	15	36.20	26.82
Diluted earning per share (TZS)	15	36.20	19.17

TOL GASES LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	2014 TZS '000	2013 TZS '000
ASSETS			
Non-current Assets			
Property, plant and equipment	14	16,691,603	13,232,964
Intangible asset	16	64,134	68,898
		16,755,737	13,301,862
Current assets			
Inventories	17	3,005,748	1,963,384
Trade and other receivables	18	4,070,920	2,393,700
Cash and bank balances	19	89,016	611,836
		7,165,684	4,968,920
TOTAL ASSETS		23,921,421	18,270,782
EQUITY AND LIABILITIES			
Equity			
Share capital	20	5,583,553	4,356,245
Share premium		6,263,338	3,739,087
Accumulated losses		(1,776,925)	(3,798,092)
		10,069,966	4,297,240
Non current liabilities			
Long term borrowings	21	6,382,540	6,683,050
Deferred tax liability	22	955,238	685,745
		7,337,778	7,368,795
Current liabilities			
Trade and other payables	23	2,282,520	2,267,079
Tax payable	22	39,260	339,260
Bank overdraft	24	2,462,716	2,397,977
Cylinder deposits	25	627,611	498,861
Current portion of loans	21	1,101,570	1,101,570
		6,513,677	6,604,747
TOTAL EQUITY AND LIABILITIES		23,921,421	18,270,782

These financial statements were approved by the board of directors for issue on ________________2015 and were signed on its behalf by:

Name: ___________________ **Title:** __________________**Signature:** _____________________

Name: ___________________ **Title:** __________________**Signature:** _____________________

TOL GASES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital	Share premium	Accumulated losses	Total
	TZS '000	TZS '000	TZS '000	TZS '000
At 1 January 2013	3,722,369	3,739,087	(4,796,587)	2,664,869
Profit for the year	-	-	998,495	998,495
Advance to share capital	633,877	-	-	633,877
At 31 December 2013	**4,356,246**	**3,739,087**	**(3,798,092)**	**4,297,241**
At 1 January 2014	4,356,246	3,739,087	(3,798,092)	4,297,241
Profit for the year	-	-	2,021,167	2,021,167
Rights issue	1,227,307	2,524,251	-	3,751,558
At 31 December 2014	**5,583,553**	**6,263,338**	**(1,776,925)**	**10,069,966**

TOL GASES LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 TZS '000	2013 TZS '000
OPERATING ACTIVITIES:			
Profit before tax		2,290,661	945,522
Adjustment for non cash items:			
Depreciation and amortisation	13 &15	1,380,589	908,724
Interest paid		1,133,513	411,115
Gain on disposal of fixed assets		(22,425)	(7,673)
Corporate tax paid		(300,000)	-
		4,482,337	2,257,688
Movements in working capital			
Increase in inventories	17	(1,042,364)	(891,839)
Increase in trade and other receivables	18	(1,677,220)	(1,184,121)
Increase in cylinder deposits	19	128,750	157,385
Increase in trade and other payables	23	15,441	(226,446)
		(2,575,392)	(2,145,021)
Net cash flows generated from operating activities		1,906,944	112,668
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	14	(4,928,173)	(2,457,370)
Purchase of intangibles	16	(18,840)	(24,687)
Proceeds from sale of assets		134,974	7,673
Net cash flows used in investing activities		(4,812,039)	(2,474,384)
FINANCING ACTIVITIES:			
Bank loan received	21	-	380,920
Bank loan repaid	21	(1,101,570)	(1,098,855)
Other long term liabilities	21	801,058	1,814,334
Right proceeds		3,751,558	633,878
Interest paid		(1,133,513)	(411,115)
Net cash flows used in financing activities		2,317,534	1,319,162
Net decrease in cash and cash equivalent		(587,561)	(1,042,554)
Cash and cash equivalents at 1 January		(1,786,140)	(743,587)
Cash and cash equivalents at 31 December	19	(2,373,700)	(1,786,140)

1. CORPORATE INFORMATION

The company is incorporated in Tanzania under the Companies Ordinance Cap.212 (Now Companies Act No. 12 of 2002)

The principal activity of the company is production and distribution of industrial gases, medical gases and related accessories.

2. BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Tanzanian Shillings (TZS) and all values are rounded to the nearest thousand (TZS '000') except when otherwise indicated.

Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that that the company will turn around the situation, continue to obtain relevant financial support and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Statement of compliance

The financial statements of TOL Gases Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. Changes resulting from the following new or revised standards and interpretations, amendments to existing standards and interpretations and improvements to IFRSs that were effective for the current reporting period did not have any impact on the accounting policies, financial position or performance of the company.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27): These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32: These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting.

IFRIC Interpretation 21 Levies (IFRIC 21): IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

IAS 36 Disclosure requirements for the recoverable amount of impaired assets - Amendments to IAS 36: Clarifies the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39: These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the company's financial statement requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these assumptions and estimates could require a material adjustment to carrying amount of the asset or liability affected in the future periods. In the process of applying the company's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Asset useful lives for properties, plant and equipments and intangible assets.

The useful lives of items of property, plant and equipment and of intangible assets are estimated annually and are in line with the rate at which they are depreciated.

Residual values

Residual value of an item of property, plant and equipment is estimated at initial recognition and assessed at each reporting period.

Impairment of non-financial assets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Impairment of financial assets

The company assesses whether there are any indicators of impairment for all financial assets at each reporting date. Other financial assets are tested for impairment whenever there are indicators that carrying amounts may not be recoverable..

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Foreign currency translation

Functional and Presentation Currency

The company's financial statements are presented in Tanzanian Shillings (TZS), which is also the company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the company at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the year of operation.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates and Value Added Tax.

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income
For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are charged to profit or loss as and when incurred.

Depreciation on property, plant and equipment is computed on a reducing balance method over the estimated useful lives of the assets. The rates of depreciation used are:

• Buildings	2%
• Plant and machinery	5 -10%
• Cylinders	4%
• Office equipment	10 -33%
• Motor vehicles	20 - 25%

Land is not depreciated since the useful life is considered to be indefinite.

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

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to prepare for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials:

Cost is determined by weighted average cost basis.

Finished goods and work in progress:

Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Employees' benefits

All of the Company's local employees in Tanzania are either members of the National Social Security Fund ("NSSF") or Parastatal Pension Fund (PPF), which are defined contribution plans. These plans are prescribed by Law of the respective countries. All employees must be a member of at least one of the aforementioned. The Company and employees both contribute 10% of the employees' gross salaries to the NSSF. For PPF, the Company and employees contribute 15% and 5% respectively of the employees' basic salaries to the scheme.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks, cash on hand and short-term deposits with a maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Taxation

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax
Deferred tax is provided using the balance sheet liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

Financial instruments – initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables, short-term loans and other receivables.

Impairment of financial assets carried at amortised cost
For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and
for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets carried at amortised cost (*Continued*)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income

(ii) Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as loans and borrowings or at fair value through profit and loss. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments initial recognition and subsequent measurement (Continued)

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive income.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(iii) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 30.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets with finite lives are amortized over their economic useful lives and assessed for impairment whenever there is an indicator that the asset is impaired. The amortization method for an intangible asset with a finite life is reviewed at least at each financial period end. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income.

The useful life of the Company's software is 3 years.

Cylinder deposits.

Compressed gases must be contained in the company's cylinders which are specifically made to accommodate the required pressure of 200 bars depend on different type of gases. Cylinders are treated as non-current assets which are rented to the customers who pay a refundable deposits equivalent to the prevailing market value of each cylinder. Amount paid by a customer as security deposit for the cylinders. Amount will be refundable upon return of the cylinder.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the company's financial statements are described below. This description is of standards and interpretations issued, which the company reasonably expects to be applicable at a future date. The company intends to adopt those standards when they become effective. The company expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the company's financial position or performance in the period of initial application. In cases where it will have an impact, the company is still assessing the possible impact.

Standards and interpretations issued or revised but not yet effective for the current financial year

- IFRS 15: Revenue from Contracts with Customers (Effective 1 January 2016)
- IFRS 14: Regulatory Deferral Accounts (Effective 1 January 2016)
- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (Effective 1 January 2016)
- IAS 16 and IAS 41: Accounting for bearer plants (Effective 1 January 2016)
- IFRS 9: Financial instruments (Effective 1 January 2018)
- IAS 19: Defined Benefit Plans: Employee Contributions (Effective 1 July 2014)
- IFRS 11: Accounting for the acquisition of interests in a Joint Operation (Effective 1 January 2016)
- IAS 27: Equity method in separate financial statements (Effective 1 January s2016)
- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments (Effective 1 January 2014)
- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments (Effective 1 January 2016)
- IAS 1 Disclosure Initiative (Effective 1 January 2016)

Improvement project
Below is a summary of the improvements issued by December 2013 but which were not yet effective for the financial year ended 31 December 2014:

- IFRS 2 – Share-based Payment (Effective 1 July 2014)
- IFRS 3 – Business Combinations (Effective 1 July 2014)
- IFRS 8 – Operating Segments (Effective 1 July 2014)
- IAS 16 – Property, plant and equipment and IAS 38 Intangible Assets (Effective 1 July 2014)
- IAS 24 – Related Parties (Effective 1 July 2014)
- IAS 40 – Investment Property (Effective 1 July 2014)
- IFRS 13 - Short term receivables and payables (Effective 1 July 2014)
- IAS 24 – Key management personnel (Effective 1 July 2014)
- IFRS 3 – Scope of Joint ventures (Effective 1 July 2014)
- IFRS 13 – Scope of Paragraph 52 (Effective 1 July 2014)

7. SEGMENT REPORTING

The company revenue is derived from sale of goods (as disclosed in note 8) and the Board of Directors relies primarily on revenue from sales of goods to assess performance. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the Statement of Comprehensive income. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

		2014	2013
		TZS '000	TZS '000
8	**REVENUE**		
	Industrial gases	13,728,729	10,221,705
	Accessories	882,250	610,786
		14,610,979	10,832,491
9	**COST OF SALES**		
	Direct Cost		
	Raw material	1,372,095	1,732,527
	Direct labour (Note 12)	892,568	961,495
	Other allocated indirect costs	5,542,654	3,540,790
		7,807,317	6,234,812

The make up of the other direct cost consist of TZS 1,263 Million (2013 : TZS 814 million) which is part of the total depreciation cost. This depreciation is directly associated with the production.

		2014	2013
10	**OTHER INCOME**		
	Other income	191,857	96,545
	Realized FX Gains	314,468	7,673
	Sales Of Fixed Assets	9,855	-
	Unrealized forex gains	161,526	246,515
	Miscellaneous income	16,239	8,108
		693,945	358,841
11	**OPERATING EXPENSES**		
	Audit fees	48,167	53,314
	Realized forex losses	315,410	29,186
	Unrealized forex losses	159,568	239,182
	Legal and professional fees	174,912	122,188
	Depreciation	69,163	49,947
	Amortisation	23,604	20,370
	Staff cost (Note 12)	941,147	820,721
	Administration cost	2,341,462	2,264,975
		4,073,433	3,599,883

The depreciation cost of TZS 69.2 Million (2013: TZS 49.9 Million) is part of of the total depreciation cost of TZS 1,357 Million (2013: TZS 888 Million) as disclosed on the note 14.

		2014	2013
12	**STAFF COST**		
	Salaries and wages	1,122,603	1,114,867
	Social security contribution	194,041	145,537
	Other staff costs	517,071	521,812
		1,833,715	1,782,216
	Direct labour	892,568	961,495
	Operating expenses	941,147	820,721
		1,833,715	1,782,216
13	**FINANCE COSTS**		
	Interest expenses	1,133,513	411,115
		1,133,513	411,115

14 PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Plant & machinery	Cylinders	Motor vehicles	Office equipment	Work in progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost								
At 1 January 2014	94,100	1,169,611	8,331,852	1,705,887	2,039,629	656,623	7,021,568	21,019,270
Additions	-	199,861	273,202	837,699	1,266,939	78,202	2,272,270	4,928,173
Transfer		950,925	6,157,447				(7,108,373)	-
Disposal	-	-	-	-	(157,151)	-	-	(157,151)
At 31 December 2014	**94,100**	**2,320,397**	**14,762,501**	**2,543,586**	**3,149,417**	**734,825**	**2,185,465**	**25,790,292**
Accumulated depreciation								
At 1 January 2014	-	250,862	5,472,775	546,311	1,138,621	377,737	-	7,786,306
Charge for the year	-	38,940	809,648	77,461	365,253	65,682	-	1,356,985
Disposal	-	-	-	-	(44,602)		-	(44,602)
At 31 December 2014	-	289,802	6,282,423	623,772	1,459,272	443,419	-	9,098,689
Carrying value								
At 31 December 2014	**94,100**	**2,030,595**	**8,480,078**	**1,919,814**	**1,690,144**	**291,406**	**2,185,465**	**16,691,603**
Carrying value								
At 31 December 2013	**94,100**	**918,749**	**2,859,077**	**1,159,576**	**901,008**	**278,886**	**7,021,568**	**13,232,964**

The plant and machinery installed on industrial property Plot No. 41, Nyakato Industrial Area, Mwanza City and Plot No. 4 Pugu Industrial Area, Dar es Salaam City are held as security for the loans granted by Tanzania Investment Bank. The bank also hold legal mortgage over Company's property with Title No. 937 MZLR (LO No. 67760) Nyakato area and Title No. 186068/25 (LO No. 282480) Dar es Salaam City.

The transfer in work in progress represent the new plant of CO2 which was under construction in Ikama - Mbeya. The transfer of the to Plant and machinery is a result of the commissioning of this plant in the first quarter of year 2014. The remained amount consist of the acquisition of the Liquidified oxygen Storage tank (900 Million) and spares purchased for repairs of Aspen Plant which have yet capitalized.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Building	Plant & machinery	Cylinders	Motor vehicles	Office equipment	Work in progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost								
At 1 January 2013	94,100	1,146,611	8,038,249	1,523,268	1,866,488	470,181	5,423,003	18,561,900
Additions	-	23,000	293,603	182,619	173,141	186,442	1,598,565	2,457,370
At 31 December 2013	**94,100**	**1,169,611**	**8,331,852**	**1,705,887**	**2,039,629**	**656,623**	**7,021,568**	**21,019,270**
Accumulated depreciation								
At 1 January 2013	-	229,188	4,965,548	490,667	880,668	331,881	-	6,897,952
Charge for the year	-	21,674	507,227	55,644	257,953	45,856	-	888,354
At 31 December 2013	-	250,862	5,472,775	546,311	1,138,621	377,737	-	7,786,306
Carrying value								
At 31 December 2013	**94,100**	**918,749**	**2,859,077**	**1,159,576**	**901,008**	**278,886**	**7,021,568**	**13,232,964**

The plant and machinery installed on industrial property Plot No. 41, Nyakato Industrial Area, Mwanza City and Plot No. 4 Pugu Industrial Area, Dar es Salaam City are held as security for the loans granted by CRDB Bank PLC and Tanzania Investment Bank . The bank also hold legal mortgage over Company's property with Title No. 937 MZLR (LO No. 67760) Nyakato area and Title No. 186068/25 (LO No. 282480) Dar es Salaam City.

The Company started the construction of a new plant (Ikama) in 2011. This project is expected to be commissioned in the first quarter of 2014. The carrying amount of the plant at 31 December 2013 was TZS 7.02 billion (2012: 5.42 billion). The amount of borrowing costs capitalised during the year ended 31 December 2013 was TZS 1.06 billion (2012: TZS 0.987 billion). The rate used to determine the amount of borrowing costs eligible for capitalisation was 16%, which is the effective interest rate of the specific borrowing.

	2014	2013
	TZS '000	TZS '000

15 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the year. There was no transactions leading to dilutive effect.

	2014 TZS '000	2013 TZS '000
Net gain attributable to shareholders	2,021,167	998,490
Weighted average number of ordinary shares	55,835,533	37,223,690
Basic earning per share (TZS)	**36.20**	**26.82**
Basic and diluted earning per share (TZS)	**36.20**	**19.17**

16 INTANGIBLES

Computer software - Navision

	2014 TZS '000	2013 TZS '000
Cost		
At 1 January	150,606	125,919
Additions	18,840	24,687
31 December	**169,446**	**150,606**
Accumulated amortization		
At 1 January	81,708	61,338
Charge for the year	23,604	20,370
31 December	**105,312**	**81,708**
Carrying value		
31 December	**64,134**	**68,898**

17 INVENTORIES

	2014 TZS '000	2013 TZS '000
Raw materials	1,174,307	626,739
Finished goods	827,673	620,349
Welding machines equipment	872,663	628,935
Medical machines equipment	131,105	87,361
	3,005,748	**1,963,384**

During 2014 TZS 1,372 Million (2013: TZS 1,733 Million) was recognised as an expense for the inventories.

18 TRADE AND OTHER RECEIVABLES

	2014 TZS '000	2013 TZS '000
Trade receivables	3,360,290	1,945,914
Staff receivables	52,094	65,461
Advance to suppliers	682,668	517,830
Prepayments	356,253	277,080
	4,451,305	2,806,285
Provision for impairment	(380,385)	(412,585)
	4,070,920	**2,393,700**

Trade receivables are non-interest bearing and are generally on 30-90 days terms.
As at 31 December 2014,trade receivables amounting to TZS 380,385 (2013: 412,585 TZS) were impaired and fully provided for and TZS 32,200 was recovered from the impaired debtors.

Movement on the provision for impairment of trade and other receivables:

	2014 TZS '000	2013 TZS '000
At 1 January	412,585	412,585
Charge for the year	-	-
Recoveries during the year	(32,200)	-
At 31 December	**380,385**	**412,585**

	2014	2013
	TZS '000	TZS '000

18 TRADE AND OTHER RECEIVABLES (Continued)

As at 31 December, the ageing analysis of trade and other receivables is as follows:

	2014 TZS '000	2013 TZS '000
Up to 30 days	1,828,499	1,280,549
31 - 60 days	266,299	123,547
61 - 90 days	262,587	31,900
Over 90 days	1,002,905	482,806
	3,360,290	1,918,802

Trade and other receivables comprise of the following amounts denominated in foreign currency:

	2014 TZS '000	2013 TZS '000
Amount is in TZS	792,971	133,659
	792,971	133,659

19 CASH AND CASH EQUIVALENTS

	2014 TZS '000	2013 TZS '000
Cash in hand	15,072	16,171
Cash at Bank	73,944	595,665
	89,016	611,836

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December:

	2014 TZS '000	2013 TZS '000
Cash at banks and on hand	89,016	611,836
Bank overdrafts (Note 23)	(2,462,716)	(2,397,977)
	(2,373,700)	(1,786,141)

Cash and cash equivalents comprise of the following amounts denominated in foreign currency:

	2014 TZS '000	2013 TZS '000
Amount is in TZS	66,831	31,672

20 SHARE CAPITAL

	2014 TZS '000	2013 TZS '000
Authorized		
60 million Ordinary Shares of TZS 100 each	6,000,000	6,000,000
55,835,533 (2013: 37,223,686) Ordinary Shares issued and fully paid	5,583,553	3,722,369
Advance to share capital	-	633,877

Advance to share capital is the cash resulted from the offer of rights issue made by the company and the TZS 633 Million is the fund which were received by December 2013.

The Rights issue proceeds relates to the offer of 18,611,843 shares at a price of TZS 240/= per share The process ended in January 31, 2014 which resulted into oversubscription on the lapsed shares and therefore the company collected TZS 4,466,842,320 as anticipated. The rights issue cost was TZS 81 Million.

	2014	2013
	TZS '000	TZS '000

21 LOANS AND BORROWINGS

a) Tanzania Investment Bank Loan

The company has two loan facilities with Tanzania Investment Bank, these are decribed

Facility 1

The facility amount is Tzs 1.3 billion with the purpose of financing construction works, purchase of truck tractor units, rehabilitation of decantation chambers and repair of trailers. The loan is repayable in seventy two (72) equal monthly installments. The loan was secured on 16 August 2012, the first installment is due after a grace period of twelve months counted from the first draw down date which is 6 September 2012 and expires after eighty four (84) months from the first draw down date. Interest rate is 16%, accrues daily and paid monthly in arreas.

	2014 TZS '000	2013 TZS '000
At 01 January	1,246,564	919,080
Loan received during the year	-	380,920
Repayment during the year	(216,794)	(53,436)
As at 31 December	**1,029,770**	**1,246,564**
Long term portion	812,976	1,029,770
Current portion	216,794	216,794

Facility 2

The facility amount is Tzs. 4.9 billion; with the purpose of financing construction works, acquisition of plants and machineries, motor vehicles, and consultancy as well as borehole drilling and encasing. The loan was secured on 26 May 2011 and is to be repaid in seventy two (72) equal monthly installments. The first installment was due and paid after a grace period which ended on 11 February 2013; and expires after eighty four (84) months from the first draw down date which is 23 August 2011. Interest rate is 16%, accrues daily and paid monthly in arreas.

	2014 TZS '000	2013 TZS '000
At 01 January	4,128,955	4,941,873
Loan received during the year		
Repayment during the year	(884,776)	(812,918)
As at 31 December	3,244,179	4,128,955
Long term portion	2,359,403	3,244,179
Current portion	884,776	884,776
Total long term loan	3,172,379	4,273,949
Total current portion loan	1,101,570	1,101,570

The morgages for the loans includes:

(i) Loan mortgage over the Company's industrial landed property - Plot No. 41 Nyakato Industria Area in Mwanza city;

(ii) Debenture over machinery and equipments installed in landed property - Plot No. 41 Nyakat Industrial Area in Mwanza city;

(iii) Legal mortgage over Company's industrial landed property - Plot No. 4 Pugu Industrial Are in Dar es Salaam City

(iv) Debenture over machinery and equipments installed in landed property - Plot No. 4 Pug Industrial Area in Dar es Salaam City

	2014	2013
	TZS '000	TZS '000

21 LOANS AND BORROWINGS (Continued)

b) Other term liabilities

	2014 TZS '000	2013 TZS '000
Balance as at January	2,409,101	-
Arising during the year	1,701,060	2,409,101
Repayments made during the year	(900,000)	-
Balance as at December	3,210,161	2,409,101
Total long term Loans and Borrowings	6,382,540	6,683,050

This is in respect of the amount which is due and payable after 12 months.

22 TAXATION

a) Income tax expense

	2014 TZS '000	2013 TZS '000
Current income tax charge	-	336,538
Adjustments in respect of current income tax of previous year	-	2,722
Deferred tax charge	269,493	(392,228)
Income tax reported in the income statement	269,493	(52,968)

A reconciliation between tax expense and accounting profit multiptied by Tanzania Corporate tax for the year ended 31 December 2014 and 2013 is as follows

	2014 TZS '000	2013 TZS '000
Accounting before income tax	2,290,661	945,522
At Tanzania's statutory income tax rate 30% (2013; 30%)	(687,198)	283,657
Non deductible expenses for tax purpose		
Non deductible expenses	1,456	(20,212)
Accelerate depreciation	1,140,691	(316,835)
Movement in tax losses	(185,453)	2,722
Gain on disposal of fixed assets	-	(2,302)
	269,496	(52,971)
Effective income tax rate	12%	-6%

b) Tax recoverable/payable

	2014 TZS '000	2013 TZS '000
Balance at 1 January	339,260	7,188
Tax charge for the year	-	336,538
Repayment made	(300,000)	-
Overcharge of the previous year	-	(4,466)
	39,260	339,260
Provision for impairment	-	-
Balance at 31 December	39,260	339,260

Tax assessments have been made up to 2011.

	2014	2013
	TZS '000	TZS '000
22 TAXATION (Continued)		
c) Deferred tax		
Deferred tax relates to the following :-		
Accelerated depreciation for tax purposes	3,802,304	2,285,809
Tax losses	(618,177)	-
	3,184,127	2,285,809
Deferred tax liabilities thereon at 30%	955,238	685,745
Less: Opening deferred tax	685,745	1,077,973
Deferred tax expense	269,493	(392,228)

Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available in the future against which the unused tax losses/credits can be utilised. In addition to recognised deferred income tax assets, the company has unrecognised tax losses of TZS 618 million (2013: Nill) that are available indefinitely to carry forward against future taxable income of the company in which the losses arose.

Final tax assessments

The normal procedure for agreeing the final income tax liability in Tanzania involves the Company filing its final income tax returns with the Tanzania Revenue Authority (TRA) followed by TRA performing its own review of the Company's submissions and issuing a notice of final income tax assessment to the Company.

The final income tax assessment as determined by TRA after its review and possible site visits may differ from the assessments determined by the Company. The tax laws stipulate procedures for the Company to object and appeal against TRA assessments. It is common that the timeframe from the Company's own submission of final annual tax returns and TRA tax assessments may take several months or years.

	2014	2013
	TZS '000	TZS '000

23 TRADE AND OTHER PAYABLES

	2014 TZS '000	2013 TZS '000
Trade payables	875,699	1,038,553
Other payables	160,398	390,366
Accrual expenses	1,246,423	838,160
	2,282,520	2,267,079

Terms and conditions of the above financial liabilities:
Trade payables are non-interest bearing and are normally settled between 15 to 45 days after date of invoice.
Other payables are non-interest bearing and have an average term of six months.

Trade and other payables comprise of the following amounts denominated in foreign currency:

	2014 TZS '000	2013 TZS '000
United States Dollars	222,806	605,395
South African Rand	2,099	-
Sterling Pound (GBP)	-	84,765
	224,905	690,160

24 BANK OVERDRAFT

The Company had secured an overdraft facility with CRDB Bank of TZS 2.5 billion at an interest of 18% per annum accruing daily on an outstanding balance and is charged monthly.

	2014 TZS '000	2013 TZS '000
As at 31 December, the following amounts were outstanding	2,462,716	2,397,977

25 CYLINDER DEPOSITS

Cylinder deposits are made up of payments made by customers for use of cylinder containers to store gas. The deposits are refundable to customers upon return of the cylinders.
The movements of cylinder deposit accounts during the year was as follows:

	2014 TZS '000	2013 TZS '000
Balance as at January	498,861	341,476
Deposits made during the year	341,911	184,480
Refunds made during the year	(213,161)	(27,095)
	627,611	498,861

26 EMPLOYEES PENSION

The company operates a defined contribution plan through a pension scheme to which both the employer and employee contribute. Some of the employees are members of the National Social Security Fund (NSSF) and others are members of Parastatal Pensions Fund (PPF).

The employer and the local employee, each contribute 10% to NSSF while under PPF th employee contribue 5% and employer 15%.
During the year, the company's contribution amounted to:

	2014 TZS '000	2013 TZS '000
NSSF and PPF	194,041	221,815

	2014	2013
	TZS '000	TZS '000

27 RELATED PARTY TRANSACTIONS

During the year, the company entered into transactions with related parties as follow:

	2014 TZS '000	2013 TZS '000
Key management remuneration		
Short term benefits	780,566	589,222
Other long term benefits	61,671	11,298
Directors remuneration	18,000	15,000
	860,237	615,520

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise bank loans and overdrafts, trade payables, trade receivables and cylinder deposits.. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. The main risks arising from the Company's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks which are summarised below:

a) Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available and thus the Company being unable to fulfil its existing and future cash flow obligations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company policy is that not more than 70% of borrowings should mature in the next 12 –month period (2013:70%). The Company assessed the concentration of risk with respect to financing its debt and concluded it to be low.

Disclosure of this information enables users of financial statements to evaluate the significance of financial instruments for financial position and performance and is prepared on undiscounted cash flows.

Year ended 31 December 2014

	On demand	Less than 3 months	3 to 12 months	Up to 5 years	Effect of discounting	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Interest bearing loans and borrowings	91,797	183,594	826,179	3,172,397	-	4,273,966
Bank overdraft	2,462,716	-		-	-	2,462,716
Trade and other payables	3,465,230	1,246,421	771,805	-	-	5,483,457
Cylinder deposits	627,611	-		-	-	627,611
	6,647,354	1,430,015	1,597,984	3,172,397	-	12,847,750

Year ended 31 December 2013

	On demand	Less than 3 months	3 to 12 months	Up to 5 years	Effect of discounting	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Interest bearing loans and borrowings	91,797	183,594	826,179	4,273,949	-	5,375,519
Bank overdraft	2,397,977-	-		-	-	2,397,977
Trade and other payables	2,931,359	838,160	912,234	-	-	4,681,753
Cylinder deposits	498,861	-		-	-	498,861
	5,919,994	1,021,754	1,738,413	4,273,949	-	12,954,11

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Foreign currency risk

The Company operates within and outside Tanzania and its assets and liabilities are reported in local currency. As at the reporting date the Company was not exposed to significant foreign currency exposure, although there are certain trade accounts payable denominated in United States dollars. Foreign currency risk is managed at an operational level and monitored by the Finance Department. Exposure to losses from foreign currency liabilities is managed through prompt payment of outstanding liabilities.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and GBP exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

	Increase/decrease in the value of TZS vs. other currencies (USD)	Effect on profit before tax TZS'000	Effect on equity TZS'000
Net effect based on financial year end as at 31 December 2014	+10%	-94,552	-94,552
	-10%	+94,552	+94,552

	Increase/decrease in the value of TZS vs. other currencies (GBP)	Effect on profit before tax TZS'000	Effect on equity TZS'000
Net effect based on financial year end as at 31 December 2013	+10%	-86,784	-86,784
	-10%	+86,784	+86,784

c) Interest rate risk

The Company has adopted a non- speculative approach to the management of interest rate risk. For the past twelve months, there have not been significant changes in interest rates obtained by the Company from its Bankers for its loans and borrowings. The interest rate was 16% in 2014 and 16% during the year 2013. Furthermore, no significant change in interest rates is expected for the coming twelve months.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Interest rate risk (Continued)

The following table demonstrates the sensitivity to possible changes in interest, with all other variables held constant, of the Company's profit before tax: There is no impact on the equity.

	Increase/decrease in basis point	Effect on profit before tax
2014	TZS'000	TZS'000
GBP	20	(60,610)
USD	20	(60,610)
2013	**Increase/decrease in basis point**	**Effect on profit before tax**
GBP	(20)	40,761
USD	(20)	40,761

d) Credit risk management

Credit risk is the risk that a customer or counter party to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Company. Potential concentration of credit risk consists principally of short term cash and cash equivalents, and trade receivables.

The Company deposits short term cash surpluses only with major banks of high credit standing.

The Company has a credit policy that is designed to ensure that consistent processes are in place throughout the Company to measure and control credit risk. Credit risk is considered as part of the risk-reward balance of doing business. On entering into any business contract the extent to which the arrangement exposes the Company to credit risk is considered. Key requirements of the policy are formal delegated authorities to the sales and marketing teams to incur credit risk and to a specialized credit function to set counterparty limits;

Trade account receivables comprise a widespread customer base. Ongoing credit evaluation of the financial position of customers is performed. The granting of credit is made on application and is approved by both the Finance Director and Business Development Director.

Trade receivables are presented net of allowance for impairment. Accordingly, the Company has no significant concentration of credit risk which has not been insured or adequately provided for.

With respect to the trade and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

The analysis of trade and other receivables including the exposure to credit risk is detailed as per note 18.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d) Credit risk management

Factors considered for impairing the balances of receivables
For the balance which is over 90 days, they are subject to the assessment of impairment by the company, but as the company impair balances specifically, the impairment will be done only to customers who are not capable to continue their business in going concern.

		2014 TZS '000	2013 TZS '000
Neither past due nor impaired	Up to 30 days	1,828,499	1,280,549
Past due but not impaired	31 - 60 days	266,299	123,547
	61 - 90 days	262,587	31,900
Past due but impaired	Over 90 days	1,002,905	482,806
		3,360,290	1,918,802
Less: Impaired	Over 90 days	380,385	412,585
Net receivables		2,979,905	1,506,217

29. LEASE COMMITMENTS

The company had no lease commitments at year end (2013: Nil).

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

This IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Set out below is a comparison by class of the carrying amounts and fair value of Company's financial instruments that are carried in the financial statements.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	2014			
Financial assets	Level 1	Level 2	Level 3	Carrying amount
	TZS'000	TZS'000	TZS'000	TZS'000
Trade receivables and other receivables	-	-	4,021,387	4,021,387
Cash and bank balances	-	89,016	-	89,016
	-	89,016	4,021,387	
Financial liabilities				
Interest bearing loans	-	4,273,949	-	4,273,949
Cylinder deposits	-	627,611	-	627,611
Trade and other payables	-	-	5,483,457	5,483,457
Bank overdrafts	-	2,462,716	-	2,462,716
	-	6,736,665	5,483,457	

	2013			
Financial assets	Level 1	Level 2	Level 3	Carrying amount
	TZS'000	TZS'000	TZS'000	TZS'000
Trade receivables and other receivables	-	-	2,399,272	2,399,272
Cash and bank balances	-	611,835	-	611,835
		611,835	2,399,272	
Financial liabilities				
Interest bearing loans	-	5,375,519	-	5,375,519
Cylinder deposits	-	498,861	-	498,861
Trade and other payables	-	4,681,752	-	4,681,752
Bank overdrafts		-	2,397,977	2,397,977
	-	10,556,132	2,397,977	

Carrying value of Cylinder deposit, trade and other payables, other receivables and trade receivables approximate or equal to the Fair value of assets and liabilities as these are short term in nature; therefore there will be insignificant exposure in the change of the carrying value in comparison to the fair value.

For Bank Overdraft, the rate imposed on the term will be depending on the daily outstanding balance. The balance as at the year-end 2014 equals the fair value in respect of the prevailing rate on the outstanding balance.

Interest bearing loan Interest rate p.a. is 16% fixed for the entire Loan period, changes in Inflation rate are minimal in Tanzania e.g. 6.7% in the current year (2013: 6.2%). Therefore the carrying amount is the best estimation of the fair value.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

31. EVENTS AFTER THE REPORTING DATE

There was no significant adjusting or non-adjusting event that has impacted on the result for the year and the statement of affairs of the company after the reporting date.

32. CAPITAL MANAGEMENT DISCLOSURES AND ANALYSIS OF CHANGES IN NET DEBT

The Company defines capital as the total equity of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company is not subject to any externally imposed capital requirements. The Company manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company aims to maintain capital discipline in relation to investing activities and may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies, or processes during the years end 31 December 2014 and 31 December 2013.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. All components of equity are included in the denominator of the calculation. Please see the table below;

At 31 December 2014, the net debt ratio was 54.64% (2013: 73.38%)

	2014	2013
Gross debt	**TZS'000**	**TZS'000**
Interest bearing loans and borrowings	4,273,949	5,375,519
Bank overdrafts	2,462,716	2,397,977
Trade and other payables	5,483,457	4,681,752
Cash and bank balance	(89,016)	(611,835)
Net debts	12,131,106	11,843,413
Equity	10,068,918	4,297,242
Capital and debt	22,200,024	16,140,655
Net debt ratio	54.64%	73.38%

33. CONTINGENT LIABILITIES

There are no material contingencies as at 31 December 2014, which may possibly result in a loss or gain to the company or in commitments which it cannot meet, and for which no provision is considered necessary or only partial provision has been made.