

TOL GASES LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER, 2009



TAC ASSOCIATES

P.O. BOX 580
DAR ES SALAAM
TANZANIA

TOL GASES LIMITED

REPORT OF THE DIRECTORS FOR YEAR ENDED 31ST DECEMBER, 2009

1.0 INTRODUCTION

The Directors hereby submit their report and audited financial statements for the year ended 31st December, 2009.

2.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Companies Act of 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 its operating results 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. The Directors 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 and in the manner required by the Companies Act of 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 that may be relied upon in the preparation of financial statements, as well as adequate systems of internal controls. 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.

3.0 PRINCIPAL ACTIVITIES

The principal activities of the Company continue to be production and sale of industrial gases, welding equipment and related accessories.

4.0 PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment during the year are shown in Note 2. In the opinion of the Directors, the market value of these assets is in excess of the net carrying value of TZS. 7.9 billion.

TOL GASES LIMITED

5.0 RESULTS

The results for the year are set out on page 9. The Company made a Loss of TZS 890.195 million during the current year.

6.0 DIVIDENDS

The Directors do not recommend the payment of dividends in respect of the year ended 31st December, 2009 due to trading losses incurred during year.

7.0 RESERVES

The reserves of the Company are set out on page 8.

8.0 SHAREHOLDINGS AS AT 31ST DECEMBER, 2009

Shareholder	Number of Shares	%
Treasury Registrar	3,570,457	10
SAAMI Holdings	21,680,158	58
Swedfund	1,500,000	4
Joseph Anthony Gonsalves	1,020,185	3
National Bureau De Change Ltd	1,000,000	3
Social Action Trust Fund	954,834	2
Parastatal Pensions Fund	1,083,333	3
Others	<u>6,414,719</u>	<u>17</u>
TOTAL	<u>37,223,686</u>	<u>100</u>

9.0 DIRECTORS

Names of Directors who served the Company in the year 2009 are as follows:-

	Name	Nationality	Position	Resigned	Appointed
1.	Eng. Harold Temu	Tanzanian	Chairman	27.11.09	27.11.09
2.	Mr. A. B. S. Kilewo	Tanzanian	Managing Director	27.11.09	
3.	Mr. J. Matawalo	Tanzanian	Director	27.11.09	
4.	Treasurer Registrar	Tanzanian	Director		
5.	Mr. Michael Shirima	Tanzanian	Director		27.11.09
6.	Mr. Godfrey Urasa	Tanzanian	Director		27.11.09
7.	Mr. Simon Mponji	Tanzanian	Director		27.11.09
8.	Godbless Robiam	Tanzanian	PPF.Rep		27.11.09
9.	Mr.Arphaxad Masambu	Tanzanian	Director		27.11.09

TOL GASES LIMITED

10.0 DIRECTORS INTERESTS

Directors had no interest in the Company other than their shares.

11.0 CORPORATE GOVERNANCE

TOL Gases Limited puts emphasis to highest standards of Corporate Governance. The organisational structure is flexible and accommodates changes from internal as well as external environment. Moreover, the Company periodically reviews its rules and regulations with a view to ensuring best performance of the Company. The Company adheres to global standards and practices of good Corporate Governance.

12.0 CORPORATE SOCIAL RESPONSIBILITY

TOL Gases Limited continued with its principle of corporate social responsibility and committed itself to active participation in environment protection, and promotion of socio-economic development of the society through extension of financial support towards implementation of community development projects.

13.0 EMPLOYEES WELFARE

Industrial Safety

The Company continued to comply with the standards of industrial safety established by both the Factory Ordinance and the Tanzania Bureau of Standards.

Gender Balance

TOL Gases Limited gives equal opportunity to all Tanzanians during recruitment and filling of Management positions provided that they have the necessary qualifications, qualities and abilities regardless of their gender.

Persons with Disabilities

The Company gives equal opportunities to persons with disabilities for vacancies they are able to fill.

TOL GASES LIMITED

Management/Employees Relationship

The relationship between management and employees continued to be cordial. There were no unsolved complaints received by management from the employees' Tanzania Union of Industrial and Commercial Organization (TUICO) representative, who has the responsibility for identifying and reporting employees' grievances to management.

Training Facilities

Training programme is drawn up every year to cater for all levels of staff. Training is mainly conducted through local training institutions and practical experience. Overseas training is pursued only for a number of cases where training facilities are not available locally.

Medical Facilities

The Company pays all medical expenses of each employee and his/her immediate family members through selected hospitals.

HIV/AIDS Policy

The management of HIV/AIDS is an important challenge for TOL Gases Limited. The Company has determined that HIV/AIDS will have an impact on the following risk areas; operation, legal risk and health risk. Whilst all these risks are under investigation the Company has adopted the following core principals as a basis for its HIV/AIDS policy:-

- Limit the number of new infections among employees,
- Ensure employees living with HIV/AIDS are aware of their rights and that their rights are respected and protected;
- Provide care and support to employees living with HIV/AIDS.

Financial Help

This is available to all employees depending on the assessments by the management as to the employee's need and the ability of the Company to pay as prescribed by the Company's Staff Regulations.

TOL GASES LIMITED

Employees Motivation

The Company provides canteen services to all employees. A canteen committee includes representatives from the shop floor to ensure that the employees' views on the quality and quantity of the food supplied by the caterers are considered.

14.0 AUDITORS

TAC Associates were appointed auditors for 2009 accounts at the Company's Board meeting which was held on 15th February, 2010.

BY ORDER OF THE BOARD


.....
CHAIRMAN

.....
**COMPANY
SECRETARY**


.....
DIRECTOR

28 Sept 2010
.....
DATE

TOL GASES LIMITED

REPORT OF THE AUDITORS TO SHAREHOLDERS

We have audited the accompanying financial statements of TOL Gases Limited which comprise the statement of financial position as at 31st December, 2009 and the statement of comprehensive income, statement of changes in equity and statement cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

BOARD OF DIRECTORS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board of Directors of the TOL Gases Limited is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control system relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These 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 of 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 auditor's judgment, including assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making the 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 purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness 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.

TOL GASES LIMITED

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of TOL Gases Limited as at 31st December, 2009, the results of its operations, the changes in equity and the cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS), and the Companies Act of 2002.

TAC ASSOCIATES (Certified Public Accountants)



**S. F. SAYORE – FCCA
MANAGING PARTNER**

DAR ES SALAAM

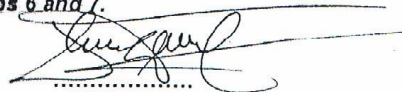
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TOL GASES LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2009

		31.12.2009	(Restated 31.12.2008
	NOTE	TZS '000'	TZS '000'
ASSETS			
Non Current Assets			
Property, Plant and Equipment	2	7,909,282	7,869,277
Intangible Assets	3	<u>9,039</u>	<u>18,077</u>
		<u>7,918,321</u>	<u>7,887,354</u>
Current Assets			
Inventories	4	440,436	358,688
Receivables	5	909,594	1,760,250
Tax Recoverable	6	68,676	68,676
Cash and Bank Balances	7	<u>280,617</u>	<u>210,166</u>
		<u>1,699,323</u>	<u>2,397,780</u>
TOTAL ASSETS		<u>9,617,644</u>	<u>10,285,134</u>
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share Capital	8	3,722,369	3,722,369
Share Premium	9	3,739,087	3,739,087
Revaluation Reserve		1,857,587	2,001,978
Accumulated Profit/(Loss)		<u>(4,005,521)</u>	<u>(3,115,326)</u>
Shareholders Interests		<u>5,313,522</u>	<u>6,348,108</u>
Non Current Liabilities			
Cylinder Deposits	10	753,553	688,118
Bank Borrowing	11	<u>460,422</u>	<u>967,714</u>
		<u>1,213,975</u>	<u>1,655,832</u>
Current Liabilities			
Current Portion of Bank Borrowings	11	786,260	446,655
Bank Overdraft	12	183,798	166,474
Payables	13	<u>2,120,089</u>	<u>1,668,065</u>
Sub Total		<u>3,090,147</u>	<u>2,281,194</u>
Total Liabilities		<u>4,304,122</u>	<u>3,937,026</u>
TOTAL EQUITY AND LIABILITIES		<u>9,617,644</u>	<u>10,285,134</u>

Notes 1 to 23 form part of these financial statements. Auditor's report is on pages 6 and 7.



 CHAIRMAN

DATE: 28 Sept 2010



 DIRECTOR

TOL GASES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST
DECEMBER, 2009**

	NOTE	2009 TZS '000'	(Restated) 2008 TZS '000'
Revenue	14	5,793,583	6,326,414
Cost of Sales	15	<u>(4,717,655)</u>	<u>(5,150,465)</u>
Gross Profit		1,075,928	1,175,949
Government Subvention		-	400,000
Other Income		<u>4,674</u>	<u>18,820</u>
		1,080,602	1,594,769
Operating Expenditure	16	<u>(1,992,297)</u>	<u>(1,849,631)</u>
Operating Profit/(Loss)		<u>(911,695)</u>	<u>(254,862)</u>
Finance Costs	17	<u>(122,891)</u>	<u>(333,392)</u>
Profit/(Loss) Before Taxation		<u>(1,034,589)</u>	<u>(588,254)</u>
Depreciation Adjustments		144,391	140,90
Written off Cylinders		-	(233,190)
Adjustment VAT account		-	14,526
Taxation		-	-
Net Profit/(Loss) for the Year		<u>(890,195)</u>	<u>(666,013)</u>
Accumulated Loss Brought Forward		<u>(3,115,326)</u>	<u>(2,449,313)</u>
Accumulated Loss Carried Forward		<u>(4,005,521)</u>	<u>(3,115,326)</u>
Profit/(Loss) per Share		<u>(107.61)</u>	<u>(83.69)</u>

Notes 1 to 23 form part of these financial statements. Auditor's report is on pages 6 and 7.


.....
CHAIRMAN

DATE: 28 Sept 2010


.....
DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2009

	Share Capital	Share Premium	Advance Towards Share Capital	Revaluation Reserve	Accumulated Losses	Total Equity
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
As at 1 st January, 2008	3,198,559	3,305,885	69,715	-	14,626	6,588,785
Proceeds Received on Rights Issue	523,810	433,202	-	-	0	957,012
Adjustments	-	-	(69,715)	-	-	(69,715)
Profit/(Loss) for the Year	0	0	0	-	(588,254)	(588,254)
As at 31 st December, 2008	3,722,369	3,739,087	-	-	(573,628)	6,887,828
Revaluation Adjustments	0	-	-	2,796,488	(2,796,488)	-
Revaluation Adjustment 2006/07	-	-	-	(332,549)	332,549	-
Adjustment on VAT	-	-	-	-	14,526	14,526
Revaluation Adjustment 2008	-	-	-	(140,905)	140,905	-
Cylinders written off adjustment	-	-	-	(321,056)	(233,190)	(554,246)
As at 31 st December, 2008	3,722,369	3,739,087	-	2,001,978	(3,115,326)	6,348,108
As at 1 st January, 2009	3,722,369	3,739,087	-	2,001,978	(3,115,326)	6,348,108
Revaluation Adjustment 2009	-	-	-	(144,391)	-	(144,391)
Profit/(Loss) for the Year	0	0	0	1,857,587	(890,195)	(890,195)
As at 31 st December, 2009	3,722,369	3,739,087	0	1,857,587	(4,005,521)	5,313,522

Notes 1 to 23 form part of these financial statements. Auditor's report is on pages 6 and 7


CHAIRMAN


DIRECTOR

DATE: 28th Sept 2010

TOE GASES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE: 1 PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of Accounting

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under historical cost convention, modified to include revaluation of property, plant and equipment. No adjustments have been made to reflect the effects of inflationary factors.

1.2 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with an item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write off the cost of each asset value over its estimated useful life at a given rate per annum as detailed below: -

Asset Description	Rate p.a.
Building	2%
Plant and Machinery	5-10%
Cylinders	4%
Motor Vehicles	20 & 25%
Equipment and Fittings	10 & 20%

FOE GASES LIMITED

Depreciation is charged on an assets from the date when it is ready for use and stop on the date when the asset is derecognized by the Company.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Gains or losses on disposal are determined by comparing the disposal proceeds with the carrying amount and are credited/charged to statement of comprehensive income.

Asset's Carrying Amount and Residual Value

Asset's carrying amount is written down immediately to its recoverable amount when there is strong evidence that carrying amount is greater than its estimated recoverable amount.

Likewise, the assets' residual values and useful lives are reviewed only when the conditions to warrant the review exists at the date of statement of financial position.

1.3 Intangible Assets

Intangible assets comprise computer application software and computer packages. Initially they are recognized at cost and thereafter carried at cost less accumulated amortization and any impairment losses. The Company's intangible assets have finite useful life of five years and are amortized on straight line basis with zero residue value. The useful life of intangible assets is reviewed at every year end,

1.4 Inventories

Inventories are valued at the lower of cost or estimated net realizable value. In general cost is determined on a weighted average cost basis.

Impairment of Inventories

When there is objective evidence that the value of inventories is impaired either through damage and or obsolescence, provision is made at 100% of the value of specific inventory item(s) through statement of comprehensive income.

1.5 Provision for Impairment of Receivables

Receivables are recognized initially at fair value and subsequently measured at value less provision for bad and doubtful debts. Specific provision is made in the financial statements against receivables considered to be doubtful of recovery.

1.6 Foreign Currency Translations

(i) Functional and Presentation Currency

The financial statements are presented in Tanzania Shillings, which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into Tanzanian shillings at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities at the year end expressed in foreign currencies are translated into Tanzanian shillings at the rates of exchange ruling at the end of the financial year. The resultant gains/losses on exchange rate translations are dealt with in the statement of comprehensive income.

1.7 Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand; deposits held on call and fixed deposits.

1.8 Revenue Recognition

Revenue is recognized on accrual basis of accounting. Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Company upon delivery of products to customers, and is stated net of VAT.

1.9 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Company expects a provision to be reimbursed, for example under insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

TOL GASES LIMITED

1.10 Employees Benefits

(i) Retirement Benefits

The Company has statutory obligations to contribute to pension schemes in favour of all employees employed under permanent and pensionable terms. The pension schemes in force which the Company contributes are the National Social Security Fund (NSSF) and the Parastatal Pension Fund (PPF). The Company contributes 10% for those on NSSF and 15% for those on PPF of pension emoluments for each individual.

Contributions to these funds are recognized as an expense in the period the employees render the related services. Amounts contributed by the Company during the year were as follows: -

	2009	2008
	TZS	TZS
	'000'	'000'
National Social Security Fund	86,084	80,529
Parastatal Pension Fund	<u>24,075</u>	<u>18,445</u>
Total	<u>110,159</u>	<u>98,974</u>

The number of staff employed by the Company as at 31st December, 2009 was 114 (31st December, 2008 was 103)

(ii) Short Term Benefits

The cost of all short-term employee benefits such as salaries, employees entitlements to leave pay, medical aids, long service awards, other contributions, etc are recognized during the period in which the employees render the related services.

(iii) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange of these benefits.

The Company recognizes termination benefits when it is constructively obliged to either terminate the employment of the current employees according to detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

TOL GASES LIMITED

(iv) Workman's Compensation Scheme and Group Personal accident

In order to ensure that employees welfare are safeguarded, the Company complies fully with the workman's compensation act which requires compensation to employees injured in course of their employment.

Also, the Company runs an insurance policy known as group personal insurance to ensure that staff and management employees injured at work are compensated.

1.11 Taxation

Corporation Tax

The Company provides for corporation tax based on the taxable profits at the rate prescribed by legislation from time to time. The current corporation tax rate is 30%.

Deferred Tax

In accordance with IAS 12 deferred tax assets and liabilities are accounted for using the balance sheet liability method whereby deferred tax is provided for on all temporary differences i.e. the differences between the tax base of the assets or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. Deferred tax assets and liabilities are calculated based on current tax rates and are not classified as current assets or current liabilities.

A deferred tax asset is recognized only to the extent that is probable that future taxable profits will be available against which the associated unused tax asset are reduced to the extent that is no longer probable that a related tax benefit will be realized.

1.12 Borrowing Costs

Borrowing Costs Attributable to a Qualifying Asset

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset during the construction period (i.e. before the commissioning of the asset).

TOL GASES LIMITED

Borrowing Costs not Attributable to a Qualifying Asset

Interest and other costs incurred by the firm in connection with the borrowing of funds other than those attributable to a qualifying asset and/or those incurred subsequent to commissioning of the qualifying asset are charged in the statement of comprehensive income in the period in which they are incurred.

1.13 Financial Risk Management

The overall risk management focuses on the unpredictable financial markets and is aimed at minimizing potential adverse effects on the Company's financial performance. The role of the Company's risk management is primarily vested in the Finance Department under guidance of the Board of Directors. The specific risk management policies of the Company are as follows:-

(i) Treasury Risk Management.

The Company does not use derivative instruments for speculative purposes.

(ii) Foreign Currency Risk

Foreign currency risk is managed at an operational level and monitored by the relevant heads of departments. Losses arising from foreign liabilities are managed through timely payment of outstanding liabilities.

(iii) Interest Rate Risk

The Company has adopted a non-speculative approach to the management of interest rate risk.

TOL GASES LIMITED

(iv) Liquidity Risk

The Company has a prudent liquidity risk management through maintaining marketable assets to cover committed credit facilities, working capital as well as capital projects requirements.

(v) Credit Risk Management

The potential credit risk involves short term cash and trade receivables which are managed as follows:-

- **Short Term Cash Surpluses**

The Company ensures that cash surpluses are deposited with banks of high credit standing.

- **Trade Receivables**

Regular customers are required to deposit money in advance to cover services to be rendered. Additional cost of service rendered is settled through normal business transactions through raising of invoices. Irregular customers are normally required to settle their bills in cash terms.

NOTE: 3.0 INTANGIBLE ASSETS

Intangible assets amount of TZS 9,039,000 represent cost less accumulated amortization of the Company's ACCPAC Accounting Software. Movement of intangible assets during the year was as follows: -

Particulars	2009	2008
	TZS '000'	TZS '000'
Cost as at 31 st December	<u>45,193</u>	<u>45,193</u>
Less: Amortization		
Balance As at 1 st January	27,116	18,077
Amortization Charge for the Year	<u>9,039</u>	<u>9,039</u>
Amortization as at 31 st December	<u>36,155</u>	<u>27,116</u>
NET BOOK VALUE AS AT 31 ST DECEMBER	<u>9,039</u>	<u>18,077</u>

NOTE: 4.0 INVENTORIES

	31.12.2009	31.12.2008
	TZS '000'	TZS '000'
Gases	166,508	194,449
Welding Machines and Equipment	104,921	86,416
Medical Machines and Equipment	9,761	8,108
Spares	<u>159,246</u>	<u>69,715</u>
TOTAL	<u>440,436</u>	<u>358,688</u>

NOTE: 5.0 RECEIVABLES

Trade Receivables	884,715	1,436,170
Staff Receivables	98,945	95,674
Other Receivables	219,710	20,217
Prepayments	<u>63,425</u>	<u>311,831</u>
	1,266,795	1,863,892
Provision for Impairment of Receivables	<u>(357,201)</u>	<u>(103,642)</u>
TOTAL	<u>909,594</u>	<u>1,760,250</u>

NOTE: 6.0 TAX RECOVERABLE

Withholding Tax	<u>68,676</u>	<u>68,676</u>
TOTAL	<u>68,676</u>	<u>68,676</u>

This represents withholding taxes deducted by our customers in previous years. Since the Company has been making losses over the years, it can not be expected to recover this amount in near future.

TOL GASES LIMITED

NOTE: 7.0 CASH AND BANK BALANCES

	31.12.2009	31.12.2008
	TZS	TZS
	'000'	'000'
Cash in Hand	3,019	992
Cash at Bank – Current Accounts	273,727	160,664
Cash at Bank – Collection Accounts	<u>3,871</u>	<u>48,510</u>
TOTAL	<u>280,617</u>	<u>210,166</u>

NOTE: 8.0 SHARE CAPITAL

Authorized:
60 Million Ordinary Shares of TZS 100/- each 6,000,000 6,000,000

Issued and fully paid:
37,223,686 Ordinary Shares of TZS. 100/- each 3,722,369 3,722,369

NOTE: 9.0 SHARE PREMIUM

	31.12.2009	31.12.2008
	TZS	TZS
	'000'	'000'
Balance as at Beginning of the Year	3,739,087	3,305,885
Additional During the Year	<u>0</u>	<u>433,202</u>
Balance at the year end	<u>3,739,087</u>	<u>3,739,087</u>

NOTE: 10.0 CYLINDER DEPOSITS

Cylinder deposits are made up of payments made by customers for use of the cylinder containers to store gas. The deposits are refundable to the customers upon the return of the cylinders. The movement of cylinder deposits account during the year 2009 was as follows: -

	2009	2008
	TZS	TZS
	'000'	'000'
Balance as at 1 st January	688,118	645,559
Deposit During the Year	81,034	67,626
Refunds During the Year	<u>(15,599)</u>	<u>(25,067)</u>
Balance as at 31st December	<u>753,553</u>	<u>688,118</u>

TOL GASES LIMITED

NOTE: 11.0 BANK BORROWINGS

	31.12.2009	31.12.2008
	TZS	TZS
	'000'	'000'
Tanzania Investment Bank	677,487	567,495
African Banking Corporation	383,713	781,957
Commercial Bank of Africa	<u>185,482</u>	<u>64,917</u>
	1,246,682	1,414,369
Less: Due within one Year:		
Commercial Bank of Africa	75,000	30,655
Tanzania Investment Bank	281,349	216,000
African Banking Corporation	<u>429,911</u>	<u>200,000</u>
	<u>786,260</u>	<u>446,655</u>
Borrowings Due after One Year	<u>460,422</u>	<u>967,714</u>

(a) Commercial Bank of Africa Loan

The Company secured a bank loan from Commercial Bank of Africa amount of TZS 95,000,000 in year 2008. The loan is repayable within thirty six months (36) commencing on 31st July, 2008. It was granted at an interest rate of 15%. During the year 2009 an additional Loan amounting to 157.5 million was granted payable in six months equal instalment started October, 2009.

(b) African Banking Corporation Loan

The Company acquired the loan amount of TZS 600,000,000 from African Banking Corporation for the purpose of financing acquisition of two delivery trucks, costs of building a road side depot at Katumba- Mbeya Region, Carbon Dioxide filling hoses, standby generator, liquid oxygen pump oxy-acetylene cylinders and special gas stock as agreed to in terms of facility letter dated 24th May, 2007 and 19th June, 2007 (reference no.CK/CM/BS).

The loan carries interest at a margin of 7% per annum below the Bank's Prime Lending Rate (which at the time of agreement was 25%), calculated on the daily balance outstanding and is payable monthly in arrears.

Repayment schedule for the loan provides grace period of six months and is repaid on a monthly basis over a period of thirty -six months through 36-monthly instalments commencing on 28th February, 2007.

The loan is secured by legal mortgage covering 125% of the facility amount over a property located on plot No.4B Nyerere Road in Dar

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es Salaam. Also the loan is secured by a chattel mortgage over the Carbon Dioxide Plant financed under this facility.

(c) Tanzania Investment Bank Loan

Bank loan secured from Tanzania Investment Bank of Tanzania is TZS 1,150,000,000 repayable in equal instalments up to five years including a grace period of six months commencing in June, 2008, depending on the cash flows period. The loan is used to finance the most immediate requirements for the turnaround strategy that include Co2 plant deport, distribution trucks and Aspen plant compressor. It was granted at an interest rate of 18%.

NOTE: 12.0 BANK OVERDRAFT

The Company had secured an overdraft facility with CRDB Bank of TZS 250,000,000 at an interest rate of 16% per annum accruing daily on an outstanding balance and is charged monthly. As at 31st December, 2009 an amount of TZS 183,798,000 was outstanding.

NOTE: 13.0 PAYABLES

	31.12.2009	31.12.2008
	TZS	TZS
	'000'	'000'
Trade Payables	698,669	543,861
Other Payables Including Taxation and Social Security Liabilities	946,716	652,152
Accrued Expenses	<u>474,704</u>	<u>472,052</u>
TOTAL	<u>2,120,089</u>	<u>1,668,065</u>

NOTE: 14.0 SALES REVENUE

	2009	2008
	TZS	TZS
	'000'	'000'
Industrial Gases	5,060,279	5,679,782
Medical Gases	611,124	495,545
Medical Equipment	33,831	37,679
Welding Equipment and Accessories	88,348	113,318
Fleet	0	90
TOTAL	<u>5,793,583</u>	<u>6,326,414</u>

NOTE: 2 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	LAND TZS '000'	BUILDINGS TZS '000'	PLANT & MACHINERY TZS '000'	CYLINDERS TZS '000'	MOTOR VEHICLES TZS '000'	EQUIPMENT & FITTINGS TZS '000'	TOTAL TZS '000'
Cost Valuation	94,100	2,702,407	8,292,602	2,312,992	976,162	156,805	14,534,998
As At 01.01.2009	0	(5,367)	0	0	0	0	(5,367)
Adjustment	0	564,115	89,913	0	214,795	30,051	898,874
Additions	0	0	0	0	0	0	0
Disposals	0	0	0	0	(46,143)	(1,506)	(47,649)
Cost As At 31.12.2009	94,100	3,261,155	8,382,515	2,312,922	1,144,814	185,349	15,380,855
Depreciation	0	1,151,532	3,859,535	1,215,376	332,579	106,699	6,656,722
As At 01.01.2009	0	43,619	443,130	134,364	186,401	15,899	823,413
Charge for the Year	0	0	0	0	(17,189)	(377)	(17,561)
On Disposal	0	0	0	0	0	0	0
Depreciation As At 31.12.2009	0	1,195,151	4,302,665	1,349,740	501,795	122,221	7,471,573
Net Book Value As At 31.12.2009	94,100	2,066,004	4,079,850	963,183	643,019	63,128	7,909,282
Net Book Value As At 31.12.2008	94,100	1,550,875	4,433,066	1,097,546	643,583	50,106	7,869,277

ALLOCATION OF DEPRECIATION EXPENSE

DESCRIPTION	31.12.2009 TZS "000"	31.12.2008 TZS "000"
Operating Expenses	25,488	26,508
Cost of Sales	653,534	537,423
Revaluation Reserve	144,391	140,905
TOTAL	823,413	704,836

NOTE: 15.0 COST OF SALES

PARTICULARS	RAW MATERIALS TZS '000'	D/LABOUR TZS '000'	DEPRECIATION TZS '000'	ELECTRICITY & WATER TZS '000'	PRODUCTION OVERHEADS TZS '000'	TRANSPORT TZS '000'	RESALABLE CONSUMABLES TZS '000'	IMPORTED GASES TZS '000'	OTHERS TZS '000'	TOTAL TZS '000'
ASU Production	165,816	42,404	257,350	370,913	0	0	0	0	0	836,483
ASU Compression	2,656	43,896	0	22,786	0	0	0	0	0	69,333
Stock Adjustment	0	0	0	0	0	0	0	0	0	18,105
Oxygen Trading A/C	5,987	37,565	0	0	0	0	0	0	0	18,105
DA Production	859,317	125,759	66,872	0	0	0	0	0	0	110,669
DA Trading A/C	37,111	28,500	1,116	50,227	0	0	0	0	245	250
CO2 Production	10,891	46,366	1,77,871	0	0	0	0	0	420	1,036,668
CO2 Trading	3,563	0	638	121,215	0	0	0	0	300	124,726
Nitrogen Trading	-2,808	49	0	0	0	0	0	0	0	356,643
Medical Oxygen Trading	474	2,454	0	0	0	0	0	0	0	4,201
Compressed Air	0	0	0	0	0	0	0	0	0	-2,756
Argon	0	0	5,721	0	0	0	0	0	0	2,926
Helium	0	194	0	0	0	0	0	0	1,036	1,036
Refrigerant R 12	0	0	0	0	0	0	0	20,580	0	26,495
N2O	0	245	2,437	101	0	0	1,366	0	0	1,366
LPG	0	0	0	0	0	0	0	0	0	-2,802
Factory Overheads:	0	0	0	0	0	0	0	-5,586	0	0
Dar	0	0	0	0	0	0	0	0	0	0
Mwanza	0	0	0	0	0	0	0	0	0	0
Kyejo	0	0	44,091	0	169,894	0	0	0	0	169,894
Welding Consumables	0	0	3,447	0	374,954	0	0	0	0	439,045
Medical Consumables	0	0	0	0	153,352	0	0	0	0	156,798
TOL Fleet	0	0	0	0	0	0	52,695	0	0	52,695
CO2 Fleet	0	86,552	58,632	0	0	115,801	17,280	0	104	17,384
Third Part Fleet	0	124,257	123,051	0	0	435,518	0	0	0	260,985
TOTAL COSTS 2009	1,102,667	538,241	799,921	565,242	718,199	886,589	71,341	14,994	20,460	4,717,655
TOTAL COSTS 2008	1,317,280	433,175	681,255	558,642	669,190	1,234,793	92,362	4,901	158,867	5,150,465

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NOTE: 20.0 INCORPORATION

The Company is incorporated in Tanzania under the Companies Ordinance Cap.212 (Now Companies Act, 2004).

NOTE: 21.0 REPORTING CURRENCY

The financial statements are presented in thousands of Tanzania shillings (TZS'000') and foreign currency was exchanged at a rate ruling at the year end of TZS 1,131 per 1 USD.

NOTE: 22.0 RELATED PARTY TRANSACTIONS

Description	2009 TZS '000'	2008 TZS '000'
Key Management Remuneration:		
Salaries and Allowances	361,683	330,595
Directors Remuneration	12,000	12,000
TOTAL	<u>373,683</u>	<u>342,595</u>

NOTE: 23.0 COMPARATIVE FIGURES

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