Dodla Dairy Kenya Limited
Annual Financial Statements
for the year ended 31 March 2025

General Information

Country of incorporation and domicile	Kenya
Directors	Sunil Reddy Dodla Venkat Krishna Reddy Busireddy
Registered office	Katko Complex Godown No.15 Old Mombasa Road Near SGR Terminus P.O. Box 47596-00100 Nairobi
Principal bankers	Standard Chartered Bank Kenya Limited P.O. Box 30003-100 Nairobi Equity Bank Limited P.O. Box 75104-00200-00100 Nairobi
Independent auditor	Grant Thornton LLP Certified Public Accountants (Kenya) 5th Floor, Avocado Towers Muthithi Road, Westlands P.O. Box 46986-00100 Nairobi
Company secretary	Mutual Registrars Associates Certified Public Secretaries (K) P.O. Box 45669-00100 Nairobi
Company registration number	PVT-ZQUVKS
Tax reference number	P051647229N
Ultimate holding company	Dodla Holdings PTE Limited incorporated in Singapore

Contents

Directors' Report

The directors submit their report together with the audited annual financial statements for the year ended 31 March 2025.

1. Principal activities

The principal activities of the company is in the business of procuring and selling milk and milk products accoss Kenya. The company operates principally in Kenya.

There have been no material changes to the nature of the company's business from the prior year.

2. Business review of financial results and activities

The annual financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015. The accounting policies have been applied consistently compared to the prior year.

The company recorded a loss after tax for the year ended 31 March 2025 of KES (1,211,257). This represented a decrease of 75.37% from the loss after tax of the prior year of KES (4,918,035).

Company revenue increased by 84.55% from KES 872,970,206 in the prior year to KES 1,611,072,578 for the year ended 31 March 2025.

Company cash flows from operating activities increased by 236.12% from KES (26,904,935) in the prior year to KES 36,621,791 for the year ended 31 March 2025.

The above movement for the financial results for the year ended 31 March 2025 have been attributed due to the following:

Key performance indicators		
Turnover (KES)	1,611,072,578	872,970,206
Gross profit (Shs)	163,107,599	139,195,775
Gross profit margin (%)	10.12	15.95
(Loss)/profit for the year (Shs)	(1,211,257)	(4,918,035)
Net assets (Shs)	76,210,690	77,421,942

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

The board of directors do not recommend the declaration of dividend for the year ended 31 March 2025 (2024: Nil).

5. Directorate

The directors in office at the date of this report are as follows:

Sunil Reddy Dodla
Venkat Krishna Reddy Busireddy

There have been no changes to the directorate for the year under review.

6. Ultimate holding company

The company's ultimate holding company is Dodla Holdings PTE Limited which is incorporated in Singapore.

7. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

Directors' Report

8. Statement of disclosure to the company's auditor

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and
- the person has taken all the steps that he/she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

9. Terms of appointment of the independent auditor

Grant Thornton LLP continues in office in accordance with the company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

10. Approval of the financial statements

The annual financial statements set out on pages 8 to 30, which have been prepared on the going concern basis, were approved by the board of directors on 12TH May 2025, and were signed on its behalf by:

Dodla Sunil Reddy
Digitally signed by Dodla Sunil Reddy
Date: 2025.05.12 17:34:58 +05'30'

Sunil Reddy Dodla
(Director)

Statement of Directors' Responsibilities

The Kenyan Companies Act, 2015 requires the directors to prepare annual financial statements for each financial year that give a true and fair view of the financial position of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these annual financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- designing, implementing and maintaining such internal controls as they determine necessary to enable the presentation of annual financial statements that are free of material misstatement, whether due to fraud or error;
- selecting suitable accounting policies and applying them consistently; and
- making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern except those matters disclosed in note 2.

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

The annual financial statements set out on pages 8 to 30, which have been prepared on the going concern basis, were approved by the board of directors on 12TH May 2025 and were signed on their behalf by:

Dodla Sunil Reddy
Digitally signed by Dodla Sunil Reddy
Date: 2025.05.12 17:35:31 +05'30'

Sunil Reddy Dodla
(Director)

VENKAT KRISHNA REDDY BUSIREDDY
Digitally signed by VENKAT KRISHNA REDDY BUSIREDDY
Date: 2025.05.12 17:36:53 +05'30'

Venkat Krishna Reddy Busireddy
(Director)

Grant Thornton

Independent Auditor's Report

To the Shareholder of Dodla Dairy Kenya Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying annual financial statements of Dodla Dairy Kenya Limited (the company) set out on pages 8 to 30, which comprise the statement of financial position as at 31 March 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Dodla Dairy Kenya Limited as at 31 March 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015.

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the Directors' report as required by the Kenyan Companies Act, 2015. The other information does not include the annual financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Grant Thornton

Independent Auditor's Report

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Matters as Prescribed by the Kenyan Companies Act, 2015

As required by the Kenyan Companies Act, 2015, we report to you based on our audit, that in our opinion the information given in the report of the directors on page 3 - 4 is consistent with the annual financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Alfred Siele, Practicing Certificate No. 1690.

Grant Thornton LLP
Certified Public Accountants

For and on behalf of Grant Thornton LLP
Certified Public Accountants (Kenya)
Nairobi

12TH May 2025

D/1702/0325/AUD

Statement of Profit or Loss and Other Comprehensive Income

Figures in Shillings	Note(s)	2025	2024
Revenue	3	1,611,072,578	872,970,206
Cost of sales	4	(1,447,964,979)	(733,774,431)
Gross profit		**163,107,599**	**139,195,775**
Other income	5	213,995	2,675,438
Other Operating losses	6	(2,924,426)	(9,721,386)
Operating expenses	7	(158,869,288)	(101,269,872)
Operating profit		**1,527,880**	**30,879,955**
Finance costs	9	(2,887,470)	(4,017,687)
(Loss) profit before taxation		**(1,359,590)**	**26,862,268**
Taxation	10	148,333	(31,780,303)
(Loss)/profit for the year		**(1,211,257)**	**(4,918,035)**
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		**(1,211,257)**	**(4,918,035)**

The accounting policies on pages 12 to 19 and the notes on pages 20 to 30 form an integral part of the annual financial statements.

Statement of Financial Position as at 31 March 2025

Figures in Shillings	Note(s)	2025	2024
Assets			
Non-Current Assets			
Property and equipment	12	1,775,480	1,922,792
Right-of-use assets	13	-	31,721,798
Intangible assets	14	1	1
Deferred tax	19	445,556	297,223
		2,221,037	**33,941,814**
Current Assets			
Inventories	15	-	31,364,494
Other receivables	16	7,439,931	16,729,182
Current tax receivable	11	5,238,870	4,788,190
Cash and cash equivalents	17	68,570,595	38,960,806
		81,249,396	**91,842,672**
Total Assets		**83,470,433**	**125,784,486**
Equity and Liabilities			
Equity			
Share capital	18	2,500,000	2,500,000
Retained income		73,710,690	74,921,942
		76,210,690	**77,421,942**
Liabilities			
Non-Current Liabilities			
Lease liabilities	13	-	23,625,756
Current Liabilities			
Other payables	20	7,259,743	16,342,341
Lease liabilities	13	-	8,394,447
		7,259,743	**24,736,788**
Total Liabilities		**7,259,743**	**48,362,544**
Total Equity and Liabilities		**83,470,433**	**125,784,486**

The annual financial statements and the notes on pages 20 to 30, were approved by the board of directors on 12TH May 2025 and were signed on its behalf by:

Dodla Sunil Reddy
Digitally signed by Dodla Sunil Reddy
Date: 2025.05.12 17:35:54 +05'30'

Sunil Reddy Dodla
(Director)

VENKAT KRISHNA REDDY BUSIREDDY
Digitally signed by VENKAT KRISHNA REDDY BUSIREDDY
Date: 2025.05.12 17:37:23 +05'30'

Venkat Krishna Reddy Busireddy
(Director)

The accounting policies on pages 12 to 19 and the notes on pages 20 to 30 form an integral part of the annual financial statements.

Statement of Changes in Equity

Figures in Shillings	Share capital	Retained income	Total equity
Balance at 1 April 2023	**2,500,000**	**79,839,977**	**82,339,977**
Loss for the year	-	(4,918,035)	(4,918,035)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(4,918,035)**	**(4,918,035)**
Balance at 1 April 2024	**2,500,000**	**74,921,947**	**77,421,947**
Loss for the year	-	(1,211,257)	(1,211,257)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(1,211,257)**	**(1,211,257)**
Balance at 31 March 2025	**2,500,000**	**73,710,690**	**76,210,690**
Note(s)	18		

The accounting policies on pages 12 to 19 and the notes on pages 20 to 30 form an integral part of the annual financial statements.

Statement of Cash Flows

Figures in Shillings	Note(s)	2025	2024
Cash flows generated from (used in) operating activities			
Cash generated from operations	22	37,072,471	36,242,730
Tax received (paid)	11	(450,680)	(63,147,665)
Net cash flows generated from (used in) operating activities		**36,621,791**	**(26,904,935)**
Cash flows used in investing activities			
Purchase of property and equipment	12	(502,201)	(93,026)
Net cash used in investing activities		**(502,201)**	**(93,026)**
Cash flows used in financing activities			
Payment on lease liabilities	13	(3,622,331)	(3,942,280)
Finance costs	9	(2,887,470)	(4,017,687)
Net cash used in financing activities		**(6,509,801)**	**(7,959,967)**
Net cash and cash equivalents movement for the year		**29,609,789**	**(34,957,928)**
Cash and cash equivalents at the beginning of the year	17	38,960,806	73,918,734
Cash and cash equivalents at end of the year	17	**68,570,595**	**38,960,806**

The accounting policies on pages 12 to 19 and the notes on pages 20 to 30 form an integral part of the annual financial statements.

Material Accounting Policy Information

1. Material accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS Accounting Standards as issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Kenyan Companies Act, 2015.

For Kenyan Companies Act, 2015 reporting purposes, the balance sheet is represented in these annual financial statements by the Statement of Financial Position and the loss and loss account by the Statement of Profit or Loss and Other Comprehensive Income.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Kenyan Shillings (KES), which is the company's functional currency and rounded off to the nearest Shilling.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of equipment

Management assess the appropriateness of the useful lives of equipment at the end of each reporting period. The useful lives of furniture and fixtures, IT equipment and office equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Material Accounting Policy Information

1.3 Property and equipment

Property and equipment are tangible assets which the company holds for its own and which are expected to be used for more than one year.

An item of property and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property and equipment have been assessed as follows:

Item	Depreciation method	Years
Furniture and fixtures	Diminishing balance	8
Motor vehicles	Diminishing balance	8
Office equipment	Diminishing balance	8
IT equipment	Diminishing balance	3

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

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Impairment tests are performed on property and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company ,as applicable, are as follows:

(a) Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows);

(b) Financial liabilities:

- Amortised cost

1.4 Financial instruments (continued)

Note 23 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Trade and other receivables

Classification

Other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 16).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on other receivables.

Recognition and measurement

Other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

Trade and other receivables denominated in foreign currencies

When other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Shillings equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in loss or loss in other operating losses (note 6).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 16).

Impairment

The company recognises a loss allowance for expected credit losses on other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in loss or loss.

Credit risk

Details of credit risk are included in the other receivables note (note 16) and the financial instruments and risk management note (note 23).

Material Accounting Policy Information

1.4 Financial instruments (continued)

Trade and other payables

Classification

Other payables (note 20), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 23 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Shillings equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in loss or loss in the other operating losses (note 6).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other payables note (note 20).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

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

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Material Accounting Policy Information

1.4 Financial instruments (continued)

Financial liabilities

Financial liabilities are not reclassified.

1.5 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

Tax expenses

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

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

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

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

1.6 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

1.6 Leases (continued)

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 7) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the company has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the company is a lessee are presented in note 13 Leases (company as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 13).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 9).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in loss or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Material Accounting Policy Information

1.6 Leases (continued)

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:
- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

1.7 Share capital and equity

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

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

1.8 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

The company and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local stature and the company's contributions are charged to the Statement of Profit or Loss and Other Comprehensive Income in the year they fall due.

Material Accounting Policy Information

1.9 Provisions

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

1.10 Revenue recognisation

Revenue from sales of goods is recognized when the goods are dispatched irrespective of the terms of sale. Revenue from sale of services is recognized upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided.

Revenue is measured at the fair value of the consideratidn received or receivable, net of discounts. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

1.11 Other income

Interest income is recognised on a time proportion basis using the effective interest method.

1.12 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Lack of exchangeability - amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after 1 January 2025.

The company has adopted the amendment for the first time in the 2025 annual financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company’s accounting periods beginning on or after 1 April 2025 or later periods:

IFRS 18 Presentation and Disclosure in Financial Statements

This is a new standard which replaces IAS 1 Presentation of Financial Statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely "operating profit" and "profit before financing and income taxes" also being required. These categories and sub totals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management-defined performance measures in a single note to the financial statements. These include reconciliations of the performance measures to the IFRS defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhance the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The effective date of the amendment is for years beginning on or after 1 January 2027.

The company expects to adopt the amendment for the first time in the 2028 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments.

The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendment also clarifies the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The effective date of the amendment is for years beginning on or after 1 January 2026.

The company expects to adopt the amendment for the first time in the 2027 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

Notes to the Financial Statements

Figures in Shillings		2025	2024

3. Revenue

Sale of goods		1,611,072,578	872,970,206

4. Cost of sales

Sale of goods		1,447,964,979	733,774,431

5. Other income

Other income		213,995	2,675,438

6. Other operating losses

Gains (losses) on disposals, scrappings and settlements			
Property, plant and equipment	12	-	(137,033)
Foreign exchange losses			
Net foreign exchange loss		(2,924,426)	(9,584,353)
		(2,924,426)	**(9,721,386)**

Net foreign exchange loss:

Realised exchange loss	-	(4,983)
Unrealised exchange gain	(2,924,426)	(9,579,370)
	(2,924,426)	**(9,584,353)**

7. Operating expenses

Staff costs (Note 8)	55,182,803	58,952,754
Depreciation on property and equipment (Note 12)	649,512	602,549
Depreciation on right-of-use assets (Note 12)	3,323,926	4,240,689
Electricity and water	144,135	78,392
Travel and entertainment	12,832,022	6,113,192
Legal and professional fees	3,622,379	5,101,710
Insurance	1,357,685	1,562,010
Auditors renumeneration	970,000	850,000
Postage and telephone	1,472,238	443,040
Printing and stationery	330,577	92,758
Motor vehicle running expense	303,383	597,281
Advertising	9,989,697	2,461,036
Donations	-	52,050
General expenses	1,191,248	1,219,173
Computer expenses	86,958	88,492
Freight and delivery	48,485	14,654,211
Loading and distribution expenses	62,298,315	-
Expensed VAT	647,061	269,856
Provision for doubtful debts	-	257,217
Short term operating lease rentals	3,728,070	691,673
Repair and maintenance	296,895	334,788
Bank charges	393,899	312,979
Additional assessment on withholding tax	-	2,294,022
	158,869,288	**101,269,872**

Notes to the Financial Statements

Figures in Shillings	2025	2024

8. Staff costs

Salaries and wages	50,434,850	55,767,194
Staff medical	63,450	219,438
Staff welfare and uniforms	3,360,908	2,538,639
NSSF company contribution	1,294,645	415,233
NITA company contribution	28,950	12,250
	55,182,803	**58,952,754**

9. Finance costs

Interest on lease liabilities	2,887,470	4,017,687

10. Taxation

Major components of the tax expense (income)

Current		
Local income tax - current period	-	9,366,557
Prior period underprovision of corporate tax	-	22,776,117
	-	**32,142,674**
Deferred		
Local deferred tax - current period	(148,333)	(362,371)
	(148,333)	**31,780,303**

Reconciliation of the tax expense

Reconciliation between accounting loss and tax expense.

Accounting loss	(1,359,590)	26,862,268
Tax at the applicable tax rate of 30% (2024: 30%)	(407,877)	8,058,680
Tax effect of adjustments on taxable income		
Expenses not deductible for tax purposes	259,544	257,298
Deferred tax effect	-	688,208
Underprovision of prior year tax	-	22,776,117
	(148,333)	**31,780,303**

11. Tax receivable

Balance at 01 April	4,788,190	(26,216,801)
Current tax for the year recognised in loss or loss	-	(32,142,674)
Balance at 31 March	(5,238,870)	(4,788,190)
	(450,680)	**(63,147,665)**

12. Property and equipment

	2025			2024		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	2,147,330	(1,447,153)	700,177	1,942,830	(1,182,328)	760,502
Motor vehicles	1,952,184	(1,123,375)	828,809	1,952,184	(879,334)	1,072,850
IT equipment	1,426,316	(1,179,822)	246,494	1,128,616	(1,039,176)	89,440
Total	**5,525,830**	**(3,750,350)**	**1,775,480**	**5,023,630**	**(3,100,838)**	**1,922,792**

Reconciliation of property and equipment - 2025

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	760,502	204,500	(264,825)	700,177
Motor vehicles	1,072,850	-	(244,041)	828,809
IT equipment	89,440	297,701	(140,647)	246,494
	1,922,792	**502,201**	**(649,513)**	**1,775,480**

Reconciliation of property and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1,091,018	93,026	(129,256)	(294,286)	760,502
Motor vehicles	1,316,891	-	-	(244,041)	1,072,850
IT equipment	161,440	-	(7,777)	(64,223)	89,440
	2,569,349	**93,026**	**(137,033)**	**(602,550)**	**1,922,792**

13. Leases (company as lessee)

The lease arrangement relates to the lease of office space at Standard Chartered Bank Building. The lease term runs for six (6) years and the lease payments are paid quarterly with escalation clause of 5% after every year.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

	2025	2024
Office space	-	31,721,798

Reconciliation right-of-use assets

	2025	2024
Cost	-	37,288,229
Accummulated Depreciation	-	(5,566,431)
	-	**31,721,798**

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 7), as well as depreciation which has been capitalised to the cost of other assets.

	2025	2024
Office space	3,323,926	4,240,689

13. Leases (company as lessee) (continued)

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	-	8,394,447
Two to five years	-	23,625,756
	-	**32,020,203**

Non-current liabilities	-	23,625,756
Current liabilities	-	8,394,447
	-	**32,020,203**

14. Intangible assets

	2025			2024		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	2,300,498	(2,300,497)	1	2,300,498	(2,300,497)	1

Reconciliation of intangible assets - 2025

	Opening balance	Total
Computer software	1	1

Reconciliation of intangible assets - 2024

	Opening balance	Total
Computer software	1	1

The above assets were fully amortised during the year but are still in use.

15. Inventories

Finished goods	-	15,992,602
Goods in transit	-	15,371,892
	-	**31,364,494**

16. Other receivables

Non-financial instruments:		
VAT recoverable	5,090,570	5,759,407
Other receivables	2,140,033	7,531,691
Deposits	209,328	1,557,189
Prepayments	-	1,880,895
Total trade and other receivables	**7,439,931**	**16,729,182**

Figures in Shillings	2025	2024

16. Other receivables (continued)

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	-	3,235,489
Non-financial instruments	7,439,931	13,493,693
	7,439,931	**16,729,182**

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by the relevant credit management authority. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Exposure to currency risk

Refer to note 23 for details of currency risk management for trade receivables.

17. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash at hand	7,900	25,150
Bank balances	68,562,695	38,935,656
	68,570,595	**38,960,806**

Notes to the Financial Statements

Figures in Shillings	2025	2024

18. Share capital

Authorised		
2,500 Ordinary shares of KES 1,000 each	2,500,000	2,500,000
Issued		
2,500 Ordinary shares of KES 1,000 each	2,500,000	2,500,000

19. Deferred tax

Deferred tax asset	445,556	297,223

Reconciliation of deferred tax asset

At beginning of year	297,223	(65,148)
Accelerated capital allowance	(125,068)	195,685
Provisions	(77,165)	77,164
Exchange differences	440,088	-
Revaluation reserve	-	89,522
IFRS 16 effect	(89,522)	-
At 31 March	**445,556**	**297,223**

20. Other payables

Financial instruments:		
Amount due to related parties (Note 21)	1,078,405	7,058,811
Other liabilities	5,641,674	9,283,530
Advances from customers	539,664	-
	7,259,743	**16,342,341**

Exposure to currency risk

Refer to note 23 Financial instruments and financial risk management for details of currency risk management for trade payables.

Exposure to liquidity risk

Refer to note 23 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Fair value of trade and other payables

The fair value of other payables approximates their carrying amounts.

21. Related parties disclosure

Ultimate holding company	Dodla Holdings PTE Limited

Related party balances

Amounts due to related parties		
Lakeside Dairy Limited	-	6,547,553
Dodla Dairy Limited	1,078,405	-
Country delight	-	511,258
	1,078,405	**7,058,811**

Figures in Shillings	2025	2024

21. Related parties disclosure (continued)

Related party transactions

Related party transactions		
Purchases from Lakeside Dairy Limited	507,097,536	629,742,399
Goods in transit Lakeside Dairy Limited	-	15,371,892
Dodla Dairy Limited	3,029,621	2,218,702
Purchases Country Delight Dairy Limited	854,861,037	43,811,233
Orgafeed Private Limited	86,958	71,470
	1,365,075,152	**691,215,696**

Dodla Dairy Kenya Limited is related to the above companies by virtue of common control and directorship.

22. Cash flows from operating activities

Loss before taxation	(1,359,590)	26,862,268
Adjustments for:		
Depreciation and amortisation	3,973,438	4,843,238
Losses on disposal of assets	-	137,033
Finance costs	2,887,470	4,017,687
Changes in working capital:		
Inventories	31,364,494	14,125,771
Other receivables	9,289,251	17,855,437
Other payables	(9,082,592)	(31,598,704)
	37,072,471	**36,242,730**

23. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2025

	Note(s)	Amortised cost	Total	Fair value
Cash and cash equivalents	17	68,570,595	68,570,595	68,570,595

2024

	Note(s)	Amortised cost	Total	Fair value
Cash and cash equivalents	17	38,960,806	38,960,806	38,960,806

Categories of financial liabilities

2025

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	20	7,259,744	7,259,744	7,259,745

23. Financial instruments and risk management (continued)

2024

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	20	16,342,338	-	16,342,338	16,342,338
Lease liabilities	13	-	32,020,203	32,020,203	32,020,203
		16,342,338	**32,020,203**	**48,362,541**	**48,362,541**

Capital risk management

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The company manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk).

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports quarterly to the board of directors on its activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is exposed to credit risk on other receivables.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

23. Financial instruments and risk management (continued)

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The maximum exposure to credit risk is presented in the table below:

		2025			2024		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Cash and cash equivalents	17	68,570,595	-	68,570,595	38,960,806	-	38,960,806

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2025

		Less than 1 year	2 to 5 years	Total	Carrying amount
Current liabilities					
Trade and other payables	20	7,259,745	-	7,259,745	7,259,744
		7,259,745	**-**	**7,259,745**	**7,259,744**

23. Financial instruments and risk management (continued)

2024

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Finance lease liabilities	13	-	23,625,756	23,625,756	23,625,756
Current liabilities					
Trade and other payables	20	16,342,338	-	16,342,338	16,342,338
Finance lease liabilities	13	8,394,447	-	8,394,447	8,394,447
		24,736,785	**23,625,756**	**48,362,541**	**48,362,541**

Foreign currency risk

The company is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the company deals primarily are US Dollars and Euros.

The company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the company's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

24. Comparative figures

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

25. Commitments

There were no commitments during the year ended 31 March 2025.

26. Contingencies

There were no contingencies during the year ended 31 March 2025.

27. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of the Directors' Report.