Lakeside Dairy Limited

Annual report and financial statements
for the year ended March 31, 2025

Contents

Corporate Information

Country of incorporation and domicile	Uganda
Nature of business and principal activities	Processing milk and manufacturing of dairy products
Directors	Dodla Sunil Reddy Busireddy Venkat Krishna Reddy
Registered office	PO Box 1341 Mbarara, Uganda
Holding company	Dodla Holdings PTE Limited incorporated in Singapore
Ultimate holding company	Dodla Dairy Limited incorporated in India
Bankers	Bank of Baroda (Uganda) Limited PO Box 7197 Kampala, Uganda
	DFCU Bank Limited PO Box 70 Kampala,Uganda
	KCB Bank Uganda Limited PO Box 7399 Kampala, Uganda
	Stanbic Bank Uganda Limited PO Box 7131 Kampala, Uganda
	Equity Bank Uganda Limited PO Box 10184 Kampala, Uganda
	Bank of Baroda PO Box 382050 Gandhinagar, Gujarat, India
Independent auditor	Grant Thornton Certified Public Accountants PO Box 7158 Kampala, Uganda
Legal advisors	J. B. Byamugisha Advocates PO Box 9400 Kampala, Uganda
Secretary	Compliance Business Services Limited PO Box 6757 Kampala, Uganda
Tax identification number	1006585932

Directors' Report

The directors have the pleasure in submitting their report on the financial statements of Lakeside Dairy Limited ("the Company") for the year ended March 31, 2025, which discloses the state of affairs of the Company.

1. Nature of business

The Company is engaged in processing milk and manufacturing of dairy products and operates principally in Uganda.

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

2. Review of financial results

Full details of the financial position, results of operations and cash flows of the Company are set out in these financial statements.

The financial statements have been prepared on going concern basis in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2012. The accounting policies have been applied consistently to all the periods presented in the accompanying financial statements.

3. Share capital

	2025	2024
Authorised	**Number of shares**	
Ordinary shares of UShs 10,000 each	200,000	200,000

	2025	2024	2025	2024
Issued and paid-up	**UShs '000**	**UShs '000**	**Number of shares**	
Ordinary shares of UShs 10,000 each	2,000,000	2,000,000	200,000	200,000

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

4. Dividends

The board declared and paid dividends amounting to UShs 14,675,800 thousand (2024: UShs 15,759,334 thousand). Payment of dividend is subject to withholding tax at the rate of 15%.

5. Directors

The directors who held office during the year and at the date of this report are as under:

Directors	Nationality
Dodla Sunil Reddy	Indian
Busireddy Venkat Krishna Reddy	Indian

6. Directors' interests

The following directors have held a direct interest in the Company's ordinary issued share capital as reflected in the table below:

	2025		2024	
Director	**Number of shares**	**Shareholding UShs '000**	**Number of shares**	**Shareholding UShs '000**
Busireddy Venkat Krishna Reddy	1	10	1	10
	1	**10**	**1**	**10**

7. Holding company

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

8. Ultimate holding company

The Company's ultimate holding company is Dodla Dairy Limited, which is incorporated in India.

Directors' Report

9. 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.

10. Auditor

Grant Thornton Certified Public Accountants have expressed their willingness to continue as auditor of the Company in accordance with Section 167(2) of the Companies Act, 2012.

11. Secretary

The company secretary is Compliance Business Services Limited, whose registered office is at PO Box 6757, Kampala, Uganda.

The financial statements were approved by the board on May 12, 2025.

By Order of the Board

Compliance Business Services Limited
Company Secretary

May 12, 2025
Kampala, Uganda

COMPLIANCE BUSINESS SERVICES LTD
P.O Box 6757
Kampala - Uganda

Statement of Directors' Responsibilities

The directors are required in terms of the Companies Act, 2012 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The financial statements are prepared in accordance with IFRS Accounting Standards as issued by the IASB and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least next twelve months from the date of this statement.

The auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders and the Board of Directors. The directors believe that all representations made to the independent auditor during their audit are valid and appropriate.

The financial statements set out on pages 8 to 32, which have been prepared on the going concern basis, were approved by the board on 12 May 2025 and were signed on its behalf by:

Dodla Sunil Reddy — Digitally signed by Dodla Sunil Reddy Date: 2025.05.12 18:01:11 +05'30'	VENKAT KRISHNA REDDY BUSIREDDY — Digitally signed by VENKAT KRISHNA REDDY BUSIREDDY Date: 2025.05.12 18:01:33 +05'30'
Dodla Sunil Reddy **Director**	**Busireddy Venkat Krishna Reddy** **Director**

Independent Auditor's Report

To the members of Lakeside Dairy Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lakeside Dairy Limited ("the Company") set out on pages 8 to 32, which comprise the statement of financial position as at March 31, 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 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 (IASB) and the requirements of the Companies Act, 2012.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statement's* 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 (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Uganda. 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 Uganda. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Directors are responsible for the other information on pages 2 to 5.

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB and the requirements of the Companies Act, 2012, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Office: 3rd Floor, Lugogo One, Plot 23, Lugogo Bypass, PO Box 7158, Kampala, Uganda
T +256 200 807600 E audit@ug.gt.com

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

We communicate with 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 legal and regulatory requirements

As required by the Companies Act, 2012, we report to you, based on our audit that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) In our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and

(iii) The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA Morris Mubangizi - P0582.

Morris Mubangizi
P0582

Grant Thornton

Grant Thornton
Certified Public Accountants

May 12, 2025

Kampala, Uganda

Statement of Profit or Loss and Other Comprehensive Income

	Note	2025 UShs '000	2024 UShs '000
Revenue	3	126,255,746	93,154,928
Other income	4	35,507	31,848
Loss on disposal of property, plant and equipment		5,987	(68,016)
Changes in inventories of finished goods and work in progress	5	88,295	207,996
Raw material and packing material consumed	6	(88,464,672)	(58,968,730)
Employee costs	7	(3,038,291)	(2,852,897)
Depreciation and impairment allowance	8	(1,634,552)	(1,533,141)
Other expenses	9	(15,767,324)	(14,964,562)
Operating profit		**17,480,696**	**15,007,426**
Finance cost and finance income - net	10	(387,191)	654,371
Profit before taxation		**17,093,505**	**15,661,797**
Taxation	11	(5,230,177)	(4,870,305)
Profit for the year		**11,863,328**	**10,791,492**
Other comprehensive income		-	-
Total comprehensive income for the year		**11,863,328**	**10,791,492**

The notes on pages 12 to 32 are an integral part of these financial statements.

Statement of Financial Position

	Note	2025 UShs '000	2024 UShs '000
Assets			
Non-Current Assets			
Property, plant, equipment and right-of-use assets	12	20,613,233	20,498,903
Current Assets			
Inventories	13	8,980,181	8,311,330
Trade and other receivables	14	3,184,983	2,536,237
Current tax receivable	15	52,034	67,532
Cash and cash equivalents	16	5,154,781	8,781,157
		17,371,979	**19,696,256**
Total Assets		**37,985,212**	**40,195,159**
Equity and Liabilities			
Equity			
Share capital	17	2,000,000	2,000,000
Capital contribution		1,725,070	1,725,070
Retained earnings		22,351,937	25,164,408
		26,077,007	**28,889,478**
Liabilities			
Non-Current Liabilities			
Lease liabilities	18	139,475	149,144
Deferred tax	19	2,674,071	2,815,509
		2,813,546	**2,964,653**
Current Liabilities			
Trade and other payables	20	9,087,964	8,161,948
Lease liabilities	18	6,695	179,080
		9,094,659	**8,341,028**
Total Liabilities		**11,908,205**	**11,305,681**
Total Equity and Liabilities		**37,985,212**	**40,195,159**

The financial statements on pages 8 to 32, were approved by the board on 12 May 2025 and were signed on its behalf by:

Dodla Sunil Reddy — Digitally signed by Dodla Sunil Reddy Date: 2025.05.12 18:02:03 +05'30'

VENKAT KRISHNA REDDY BUSIREDDY — Digitally signed by VENKAT KRISHNA REDDY BUSIREDDY Date: 2025.05.12 18:11:53 +05'30'

Dodla Sunil Reddy
Director

Busireddy Venkat Krishna Reddy
Director

The notes on pages 12 to 32 are an integral part of these financial statements.

Statement of Changes in Equity

	Share capital UShs '000	Capital contribution UShs '000	Retained earnings UShs '000	Proposed dividend UShs '000	Total equity UShs '000
Balance at April 1, 2023	**2,000,000**	**1,725,070**	**14,757,506**	**15,374,744**	**33,857,320**
Profit for the year	-	-	10,791,492	-	10,791,492
Increase of proposed dividend from retained earnings due to FX	-	-	(384,590)	-	(384,590)
Total comprehensive income for the year	**-**	**-**	**10,406,902**	**-**	**10,406,902**
Dividend paid	-	-	-	(15,374,744)	(15,374,744)
Balance at March 31, 2024	**2,000,000**	**1,725,070**	**25,164,408**	**-**	**28,889,478**
Profit for the year	-	-	11,863,328	-	11,863,328
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**11,863,328**	**-**	**11,863,328**
Dividend paid	-	-	(14,675,800)	-	(14,675,800)
Total distributions to owners of Company	**-**	**-**	**(14,675,800)**	**-**	**(14,675,800)**
Balance at March 31, 2025	**2,000,000**	**1,725,070**	**22,351,937**	**-**	**26,077,007**

The notes on pages 12 to 32 are an integral part of these financial statements.

Statement of Cash Flows

	Note	2025 UShs '000	2024 UShs '000
Cash flows from operating activities			
Profit before taxation		17,093,505	15,661,797
Adjustments for:			
Depreciation of property, plant, equipment and right-of-use assets		1,635,851	1,560,284
Gain / (loss) on disposal of property, plant and equipment		(5,987)	68,016
Impairment reversal on trade receivables		(1,299)	(27,143)
Interest expense on lease liabilities		42,557	56,681
Interest income from deposits		(539,077)	(402,373)
Changes in working capital:			
Inventories		(668,851)	(1,836,289)
Trade and other receivables		(600,849)	(998,380)
Trade and other payables		926,018	(316,793)
Cash generated from operations		**17,881,868**	**13,765,800**
Tax paid		(5,356,117)	(4,970,844)
Net cash generated from operations		**12,525,751**	**8,794,956**
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,750,181)	(4,774,625)
Proceeds from sale of property, plant and equipment		5,987	25,678
Disposal of investments in term deposits with banks		-	15,557,701
Interest received		492,478	402,373
Net cash (used in) / generated from investing activities		**(1,251,716)**	**11,211,127**
Cash flows from financing activities			
Payment on lease liabilities		(224,611)	46,420
Dividends paid		(14,675,800)	(15,759,334)
Net cash used in financing activities		**(14,900,411)**	**(15,712,914)**
Net change in cash and cash equivalents for the year		**(3,626,376)**	**4,293,169**
Cash and cash equivalents at the beginning of the year		8,781,157	4,487,988
Cash and cash equivalents at end of the year	16	**5,154,781**	**8,781,157**

The notes on pages 12 to 32 are an integral part of these financial statements.

Notes to the Financial Statements

Corporate information

Lakeside Dairy Limited ("the Company") is a limited liability company incorporated and domiciled in Uganda. The Company was incorporated on July 15, 2014.

The Company is engaged in the processing milk and manufacturing of dairy products.

The registered office of the Company is located at PO Box 1341, Mbarara, Uganda.

1. Material accounting policies

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

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and with the requirements of the Companies Act, 2012.

The 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 Uganda Shillings ("UShs"), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These accounting policies have been applied consistently throughout the current period and in all periods presented.

1.2 Use of significant judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS Accounting Standards as issued by the IASB 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.

A. Significant judgements

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

B. Key sources of estimation uncertainty

Information about estimates and assumptions that may have significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Notes to the Financial Statements

1.2 Use of significant judgements and key sources of estimation uncertainty (continued)

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.

Allowance for slow moving, damaged and obsolete inventory

The Company reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realizable value for such product. Accordingly, provision for obsolescence is made where the net realizable value is less than cost based on best estimates by the management, ageing of inventories and historical movement of the inventory.

Useful lives of property, plant, equipment and right-of-use assets

Management assesses the appropriateness of the useful lives of property, plant, equipment and right-of-use assets at the end of each reporting period. The useful lives of property, plant, equipment and right-of-use assets 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.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

1.3 Property, plant, equipment and right-of-use assets

Property, plant, equipment and right-of-use assets are tangible assets which the Company holds for its own use or for rental to others and which are expected to be used for more than one year.

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

Property, plant, equipment and right-of-use assets is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets, wherever appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant, equipment and right-of-use assets 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.

Property, plant, equipment and right-of-use assets is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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 other than land and capital work-in-progress, 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. 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.

Notes to the Financial Statements

1.3 Property, plant, equipment and right-of-use assets (continued)

The useful lives of items of property, plant, equipment and right-of-use assets have been assessed as follows:

Item	Depreciation method	Useful life
Buildings	Straight line	30 years
Plant and machinery	Straight line	15 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	8 years
Office equipment	Straight line	10 years
IT equipment	Straight line	3 years
Laboratory equipment	Straight line	5 years
Right-of-use assets	Straight line	2 - 5 years

Land is not depreciated.

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, plant, equipment and right-of-use assets 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.

An item of property, plant, equipment and right-of-use assets 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, plant, equipment and right-of-use assets, 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

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

Notes to the Financial Statements

1.4 Financial instruments (continued)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other operating expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI that are not measured at fair value through profit or loss.

The Company makes use of a simplified approach in determining expected credit losses on trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical credit loss experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Notes to the Financial Statements

1.4 Financial instruments (continued)

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

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 that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates 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 profit or loss for the period, except to the extent that the tax arises from:

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

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

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

Notes to the Financial Statements

1.6 Leases

Company as lessee

The Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been shown separately under current & non-current liabilities respectively.

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;

Notes to the Financial Statements

1.6 Leases (continued)

- 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.

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 cost and finance income - net (note 10).

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 profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented within property, plant and equipment on the Statement of Financial Position.

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.

When the Company incurs an obligation for the costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying assets to the condition required by the terms and conditions of the lease, a provision is recognised in the Statement of Financial Position in note Provisions.

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 determined consistently with items of the same class of property, plant, equipment and right-of-use assets. Refer to the accounting policy for property, plant, equipment and right-of-use assets for details of useful lives.

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 profit or loss unless it is included in the carrying amount of another asset.

Notes to the Financial Statements

1.7 Inventories

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowings cost.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the Company.

1.8 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.

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are reported as a component of equity at the year end.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

The Company and all its' employees contribute to the National Social Security Fund, which is a defined contribution scheme. A defined contribution plan is a pension plan under which the Company pays a fixed contribution to a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company's contributions to the defined contribution scheme are charged to the statement of profit or loss and other comprehensive income in the year to which they fall due.

1.10 Provisions and contingencies

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.

1.11 Revenue from contracts with customers

To determine whether to recognise revenue, the Company follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied

Notes to the Financial Statements

1.11 Revenue from contracts with customers (continued)

The Company often enters into transactions involving a range of products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue from the sale of milk and dairy products is recognised when or as the company transfers control of the assets to the customer. Invoices for goods or services transferred are due upon receipt by the customer.

When such items are either customised or sold together, the goods and services represent a single combined performance obligation over which control is considered to transfer over time. This is because the combined product is unique to each customer (has no alternative use) and the company has as enforceable right to payment for the work completed to date. Revenue for these performance obligation is recognised over time as the service is rendered based on estimation of work done.

1.12 Translation of foreign currencies

A foreign currency transaction is recorded, on initial recognition in Uganda 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 not retranslated and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

Notes to the Financial Statements

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:

Supplier finance arrangements - Amendments to IAS 7 and IFRS 7

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

The effective date of the amendment is for years beginning on or after January 1, 2024.

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

The impact of the amendment is not material.

Non-current liabilities with covenants - Amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

The effective date of the amendment is for years beginning on or after January 1, 2024.

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

The impact of the amendment is not material.

Lease liability in a sale and leaseback - Amendments to IFRS 16

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after January 1, 2024.

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

The impact of the amendment is not material.

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

Notes to the Financial Statements

2. New Standards and Interpretations (continued)

The effective date of the amendment is for years beginning on or after January 1, 2024.

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

The impact of the amendment is not material.

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 April 1, 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027	Unlikely there will be a material impact
• IFRS 18 Presentation and Disclosure In Financial Statements	January 1, 2027	Unlikely there will be a material impact
• Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments.	January 1, 2026	Unlikely there will be a material impact
• Lack of exchangeability - amendments to IAS 21	January 1, 2025	Unlikely there will be a material impact
• Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026	Unlikely there will be a material impact

Notes to the Financial Statements

	2025 UShs '000	2024 UShs '000

3. Revenue

	2025 UShs '000	2024 UShs '000
Sale of goods	126,255,746	93,154,928

The Company's revenue disaggregated by geographical market as follows:

Year ended March 31, 2025

Sale of goods	**Kenya (UShs' 000)**	**Rwanda (UShs' 000)**	**South Sudan (UShs' 000)**	**Uganda (UShs' 000)**	**Total (UShs' 000)**
Cheese	-	-	-	221,888	221,888
UHT milk	46,894,762	533,409	1,192,407	39,263,670	87,884,248
Yogurt	-	-	2,989,990	35,159,620	38,149,610
	46,894,762	**533,409**	**4,182,397**	**74,645,178**	**126,255,746**

Year ended March 31, 2024

Sale of goods	**Kenya (UShs' 000)**	**Rwanda (UShs' 000)**	**South Sudan (UShs' 000)**	**Uganda (UShs' 000)**	**Total (UShs' 000)**
Cheese	-	-	-	206,557	206,557
UHT milk	41,279,260	259,329	1,405,513	20,623,381	63,567,483
Yogurt	-	-	3,014,925	26,365,963	29,380,888
	41,279,260	**259,329**	**4,420,438**	**47,195,901**	**93,154,928**

4. Other income

	2025	2024
Other income	9,876	4,757
Sale of scrap	25,631	27,091
	35,507	**31,848**

5. Changes in inventory of work in progress and finished goods

	2025	2024
Opening stock - finished goods	440,219	234,219
Opening stock - work in progress	(203,855)	163,113
Closing stock - finished goods	(489,768)	(440,219)
Closing stock - work in progress	165,109	(165,109)
	(88,295)	**(207,996)**

6. Raw material and packing material consumed

	2025	2024
Opening inventory	5,112,653	4,651,334
Purchases	88,370,837	59,430,049
Closing inventory	(5,018,818)	(5,112,653)
	88,464,672	**58,968,730**

The table below represents the comparison of the Company's performance based on the gross profit margin.

	2025	2024
Revenue	126,255,746	93,154,928
Raw material and packing material consumed	(88,464,672)	(58,968,730)
Gross profit	**37,791,074**	**34,186,198**
GP margin (%)	**30**	**37**

Notes to the Financial Statements

	2025 USh '000	2024 USh '000
7. Employee costs		
Basic	2,649,427	2,534,256
Director sitting fees	124,216	64,144
National social security fund contributions	264,648	254,497
	3,038,291	**2,852,897**
8. Depreciation and impairment allowance		
Depreciation		
Property, plant, equipment and right-of-use assets	1,635,851	1,560,284
Impairment allowance		
Trade receivables	(1,299)	(27,143)
Total depreciation and impairment allowance		
Depreciation	1,635,851	1,560,284
Reversal of provision for impairment losses	(1,299)	(27,143)
	1,634,552	**1,533,141**
9. Other expenses		
Transport and freight	7,504,651	5,962,657
Other manufacturing expenses	4,930,892	4,096,507
VAT expense	1,210,140	717,578
Staff welfare	432,322	394,650
Travelling	389,413	358,254
Immigration	177,086	173,936
Consulting and professional fees	140,765	182,403
Levies	134,562	90,996
Office maintainance	113,967	59,004
Security	94,955	99,182
Other expenses	93,871	69,849
Utilities	90,196	52,453
Insurance	88,612	71,099
Bank charges	65,754	56,447
Advertising	58,109	73,042
Auditors remuneration	48,088	47,008
Printing and stationery	47,359	41,770
Rentals	44,271	-
Telephone	44,224	43,663
Repairs and maintenance	21,613	23,959
Medical	15,925	16,059
Software expenses	9,458	4,209
Settlement	8,328	2,294,355
Subscriptions	2,763	3,651
Bad debts	-	31,831
	15,767,324	**14,964,562**

Notes to the Financial Statements

	2025 UShs '000	2024 UShs '000

10. Finance cost and finance income - net

	2025	2024
Interest income from deposits	(539,077)	(402,373)
Realised foreign exchange differences	853,230	(451,599)
Unrealised foreign exchange differences	30,481	142,920
Interest expense on lease liabilities	42,557	56,681
	387,191	**(654,371)**

11. Taxation

Major components of the tax expense

	2025	2024
Current		
Current tax	5,371,615	4,881,054
Deferred		
Originating and reversing temporary differences	(116,779)	(10,186)
Prior period adjustments	(24,659)	(563)
	(141,438)	**(10,749)**
	5,230,177	**4,870,305**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2025	2024
Accounting profit	17,093,505	15,661,797
Tax at the applicable tax rate of 30% (2024: 30%)	5,128,052	4,698,539
Tax effect of adjustments on taxable income		
Tax effect of non-deductible expenses	126,784	172,329
Prior period adjustments	(24,659)	(563)
	5,230,177	**4,870,305**

12. Property, plant, equipment and right-of-use assets

	2025			2024		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	6,283,128	(1,434,485)	4,848,643	5,337,221	(1,250,561)	4,086,660
Plant and machinery	18,632,236	(8,352,463)	10,279,773	17,859,018	(7,143,401)	10,715,617
Furniture and fixtures	95,124	(37,655)	57,469	92,071	(28,481)	63,590
Motor vehicles	143,590	(45,100)	98,490	135,507	(40,735)	94,772
Office equipment	96,031	(61,986)	34,045	94,804	(44,948)	49,856
Laboratory equipments	183,345	(180,388)	2,957	183,345	(177,301)	6,044
IT equipment	110,415	(78,214)	32,201	99,469	(73,307)	26,162
Work in progress	-	-	-	42,363	-	42,363
Right-of-use assets	5,593,436	(333,781)	5,259,655	5,568,511	(154,672)	5,413,839
Total	**31,137,305**	**(10,524,072)**	**20,613,233**	**29,412,309**	**(8,913,406)**	**20,498,903**

Notes to the Financial Statements

	2025 UShs '000	2024 UShs '000

12. Property, plant, equipment and right-of-use assets (continued)

Reconciliation of property, plant, equipment and right-of-use assets - 2025

	Opening balance	Additions	Transfers	Depreciation	Closing balance
Buildings	4,086,660	905,850	40,057	(183,924)	4,848,643
Plant and machinery	10,715,617	770,912	2,306	(1,209,062)	10,279,773
Furniture and fixtures	63,590	3,053	-	(9,174)	57,469
Motor vehicles	94,772	19,952	-	(16,234)	98,490
Office equipment	49,856	1,226	-	(17,037)	34,045
Laboratory equipments	6,044	-	-	(3,087)	2,957
IT equipment	26,162	24,263	-	(18,224)	32,201
Work in progress	42,363	-	(42,363)	-	-
Right-of-use assets	5,413,839	24,925	-	(179,109)	5,259,655
	20,498,903	**1,750,181**	**-**	**(1,635,851)**	**20,613,233**

Reconciliation of property, plant, equipment and right-of-use assets - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Closing balance
Buildings	4,019,053	241,440	-	-	(173,833)	4,086,660
Plant and machinery	10,908,681	646,836	(86,348)	412,720	(1,166,272)	10,715,617
Furniture and fixtures	66,993	5,618	-	-	(9,021)	63,590
Motor vehicles	81,509	27,800	-	-	(14,537)	94,772
Office equipment	62,451	3,942	-	1,130	(17,667)	49,856
Laboratory equipments	9,415	4,631	-	-	(8,002)	6,044
IT equipment	35,134	14,654	(7,346)	-	(16,280)	26,162
Work in progress	414,747	41,466	-	(413,850)	-	42,363
Right-of-use assets	1,780,273	3,788,238	-	-	(154,672)	5,413,839
	17,378,256	**4,774,625**	**(93,694)**	**-**	**(1,560,284)**	**20,498,903**

13. Inventories

	2025	2024
Raw and packing materials	5,018,818	5,112,653
Work in progress	203,855	165,109
Finished goods	489,768	440,219
Store and spares	3,267,740	2,593,349
	8,980,181	**8,311,330**

14. Trade and other receivables

	2025	2024
Financial assets:		
Trade receivables	3,389	640,442
Trade receivables - related parties	2,246,032	192,676
Loss allowance	(3,389)	(4,688)
	2,246,032	**828,430**
Deposits	51,692	45,542
Fixed deposits	93,965	-
Non-financial assets:		
Supplier advances	546,277	584,734
VAT receivable	-	823,669
Employee advances	20,112	41,271
Prepayments	226,905	212,591
	3,184,983	**2,536,237**

Notes to the Financial Statements

	2025 UShs '000	2024 UShs '000
15. Current tax receivable		
Balance at beginning of the year	67,532	(22,258)
Current tax for the year recognised in profit or loss	(5,371,615)	(4,881,054)
Balance at end of the year	(52,034)	(67,532)
	(5,356,117)	**(4,970,844)**
16. Cash and cash equivalents		
Cash in hand	18,771	31,764
Cash at bank	3,090,930	4,121,087
Short-term deposits	2,045,080	4,628,306
	5,154,781	**8,781,157**

Short term deposits relate to fixed deposits with banks with a maturity of less than 3 months.

	2025 UShs '000	2024 UShs '000
17. Share capital		
Authorised		
200,000 Ordinary shares of UShs 10,000 each	2,000,000	2,000,000
Issued and paid-up		
200,000 Ordinary shares of UShs 10,000 each	2,000,000	2,000,000
18. Lease liabilities		
At the start of the year	328,224	225,123
Addition	24,924	237,309
Accrual of interest expenses	42,557	56,681
Lease payment during the year	(244,439)	(198,381)
Forex differences	(5,096)	7,492
At the end of the year	**146,170**	**328,224**
Minimum lease payments due		
- within one year	154,933	221,075
- in second to fifth year inclusive	7,200	162,204
	162,133	383,279
less: future finance charges	(15,963)	(55,055)
Present value of minimum lease payments	**146,170**	**328,224**
Present value of minimum lease payments due		
- within one year	139,475	179,080
- in second to fifth year inclusive	6,695	149,144
	146,170	**328,224**
Non-current liabilities	139,475	149,144
Current liabilities	6,695	179,080
	146,170	**328,224**

Notes to the Financial Statements

	2025 UShs '000	2024 UShs '000
19. Deferred tax		
Deferred tax liability	(2,674,071)	(2,815,509)
Reconciliation of deferred tax liability		
At beginning of year	(2,815,509)	(2,826,258)
Taxable temporary difference movement on tangible fixed assets	114,856	55,065
Taxable / (deductible) temporary difference on foreign exchange fluctuations	10,673	(42,875)
Taxable / (deductible) temporary difference movement on right-of-use assets	46,255	(24,791)
(Deductible) / taxable temporary difference movement on lease liabilities	(54,616)	30,930
Deductible temporary difference movement on provisions	(390)	(8,143)
Prior period adjustments	24,659	563
	(2,674,071)	**(2,815,509)**

20. Trade and other payables

	2025 UShs '000	2024 UShs '000
Financial liabilities:		
Trade payables	7,890,658	5,323,316
Trade payable - related parties	60,723	815,869
Accrued expense	405,888	1,649,999
Deposits received	499	499
Non-financial liabilities:		
Customer advances	335,376	273,186
Statutory dues payable	394,820	99,079
	9,087,964	**8,161,948**

21. Related parties

Relationships

Ultimate holding company	Dodla Dairy Limited - India
Holding company	Dodla Holdings PTE Limited - Singapore
Companies under common directorship or shareholdings	Orgafeed Pvt Ltd - India Country Delight Dairy Limited - Kenya Dodla Dairy Kenya Limited - Kenya
Members of key management	Dodla Sunil Reddy Busireddy Venkat Krishna Reddy

Related party balances

	2025 UShs '000	2024 UShs '000
Amounts included in trade receivable / (trade payable) regarding related parties		
Dodla Dairy Kenya Limited - Kenya	-	192,676
Dodla Dairy Limited - India	(60,723)	-
Dodla Holdings PTE Limited - Singapore	9,874	(815,869)
Country Delight Dairy Limited - Kenya	2,236,158	-

Notes to the Financial Statements

	2025 UShs '000	2024 UShs '000
21. Related parties (continued)		
Related party transactions		
Sales to related parties		
Dodla Dairy Kenya Limited - Kenya	14,302,299	17,100,612
Country Delight Dairy Limited - Kenya	3,865,323	-
Purchases from related parties		
Dodla Holdings PTE Limited - Singapore	8,155,709	6,770,367
Orgafeed Pvt Ltd - India	9,682	6,090
Administration fees		
Dodla Dairy Limited - India	50,213	16,641
Country Delight Dairy Limited - Kenya	-	164,866
Professional fees		
Dodla Dairy Limited - India	136,044	33,009
Sitting fees		
Busireddy Venkat Krishna Reddy	124,216	64,144
Compensation to key management		
Short-term employee benefits	681,750	658,781
National social security fund contributions	68,175	65,878
	749,925	**724,659**

22. Risk management

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not hedge any of its risk exposure.

The financial risk management is carried out by the accounts and finance department under policies and guidance provided by the Board of Directors.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

22. Risk management (continued)

The Company's risk to liquidity is a result of the funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At March 31, 2025	**Less than 1 year**	**Between 1 and 2 years**
Lease liabilities	154,933	72,100
Trade and other payables	8,357,768	-

At March 31, 2024	**Less than 1 year**	**Between 1 and 2 years**
Lease liabilities	221,075	162,204
Trade and other payables	7,789,683	-

Interest rate risk

As the Company has no significant interest-bearing assets and liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk consists mainly of cash at bank and trade and other receivables. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a limited customer base. Management evaluated credit risk relating to customers on an ongoing basis. The Company's credit controller assesses the credit quality of each customer taking into account its financial position, past experience and many other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	**2025 UShs '000**	**2024 UShs '000**
Trade and other receivables	2,395,078	878,660
Cash at bank	3,090,930	4,121,087
Short-term deposits	2,045,080	4,628,306

No collateral is held for any of the above assets. All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

Trade receivables ageing schedule (UShs '000)

As at March 31, 2025

Particulars	**Outstanding for following periods from due date of payment**					
	Less than 6 months	**6 months -1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Trade receivables	2,246,032	-		-	-	2,246,032

22. Risk management (continued)

As at March 31, 2024

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Trade receivables	828,429	3,726	962	-	-	833,117

Currency risk

The Company operates locally, but it is exposed to foreign exchange risk, primarily with respect to the USD. Foreign exchange risk arises from commercial transactions of purchase and sale of goods and services, borrowings and recognised assets and liabilities in US Dollar.

The Company does not hedge foreign exchange fluctuations.

The management's policy to manage foreign exchange risk is to have proper mix of borrowings in local and foreign currencies and also to hold foreign currency bank accounts and balances in such accounts to settle foreign currency liabilities; which act as a natural hedge.

At March 31, 2025, if the currency had weakened/strengthened by 10% against the USD with all other variables held constant, post-tax profit for the year would have been UShs 10,859 thousand (2024: UShs 333,592 thousand) higher/lower, mainly as a result of foreign exchange gains or losses on translation of USD denominated assets and liabilities.

Foreign currency exposure at the end of the reporting period

Particulars	2025 USD	2025 Equivalent UShs '000	2024 USD	2024 Equivalent UShs '000
Foreign currency assets				
Short term deposits	25,411	93,997	1,215,735	4,715,240
Cash in hand and at bank	355,852	1,316,318	458,733	1,779,201
Trade and other receivables	33,880	125,324	165,162	640,582
Total foreign currency assets	415,143	1,535,639	1,839,630	7,135,023
Foreign currency liabilities				
Lease liabilities	13,160	48,680	35,046	135,926
Trade and other payables	360,044	1,331,824	575,866	2,233,502
Total foreign currency liabilities	373,204	1,380,504	610,912	2,369,428
Net currency exposure - assets	**41,939**	**155,135**	**1,228,718**	**4,765,595**

Exchange rates used for conversion of foreign items were:

	2025	2024
USD	3,699.06	3,878.51

23. Commitments

The Company has no significant outstanding capital commitments as at March 31, 2025 (2024:Nil).

Notes to the Financial Statements

	2025 UShs '000	2024 UShs '000

24. Contingencies

In the opinion of management, the Company did not have any significant contingent liabilities as at March 31, 2025 (2024: Nil).

25. Events after the reporting period

The management is not aware of any events after the reporting period and upto the date of this report which requires adjustments to or disclosures in the financial statements.

26. Comparatives

Previous year's figures have been regrouped / reclassified in order to make them comparable with that of current financial period, wherever necessary.