REPORT OF THE CONTROLLER AND AUDITOR GENERAL

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

NATIONAL AUDIT OFFICE
NAOT
ISO 9001:2015 Certified

GAS COMPANY (TANZANIA) LIMITED

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025.

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March 2026

AR/PA/GASCO/2024/25

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ABBREVIATIONS

CAG	Controller and Auditor General
CGU	Cash Generating Unit
GASCO	Gas Company (Tanzania) Limited
HSE	Health Safety and Environment
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Km	Kilometres
KPI	Key Performance Indicators
LTI	Lost Time Injury
LC	Letter of Credit
MMSCF	Million Standard Cubic Feet
MW	Megawatt
NHIF	National Health Insurance Fund
NAO	National Audit Office
NBAA	National Board of Accountants and Auditors
NEMC	National Environmental Management Council
NNGI	National Natural Gas Infrastructure
O & M	Operation and Maintenance
PA	Petroleum Act
PSSSF	Public Service Social Security Fund
SACCOS	Savings and Credit Corporative Society
Sq. Km	Square Kilometres
SOP (s)	Standard Operating Procedures
TPF	Tanzania Police Force
TPDC	Tanzania Petroleum Development Corporation
TZ	Tanzania
TZS	Tanzanian Shillings
URT	United Republic of Tanzania
USD	United States Dollar

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

THE REGISTERED ADDRESS OF GASCO:	GAS Company (Tanzania) Limited Kinyerezi Gas Receiving Station, Plot No.1 Block D, Kibaga Street, P. O. Box 714, **Dar es Salaam, Tanzania.**
MAIN BANKERS:	National Microfinance Bank (NMB) PLC Ohio Street/Ali Hassan Mwinyi Road, P. O. Box 9312, **Dar es Salaam, Tanzania.** CRDB Bank PLC PLOT No. 25, 26 Ali Hassan Mwinyi Rd, P. O. Box 268, **Dar es Salaam, Tanzania.**
GASCO SECRETARY:	Demelina M. Ngalomba Kinyerezi Gas Receiving Station, Plot No.1 Block D, Kibaga Street, P. O. Box 714, **Dar es Salaam, Tanzania.**
GASCO AUDITOR:	Controller and Auditor General National Audit Office Mahakama Road, 41104 Tambukareli, P. O. Box 950, **Dodoma, Tanzania.**

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Board Chairman,
GAS Company (Tanzania) Limited,
Kinyerezi Gas Receiving Station,
Plot No.1 Block D, Kibaga Street,
P. O. Box 714,
Dar es Salaam, Tanzania.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion
I have audited the financial statements of GAS Company (Tanzania) Limited, which comprise the statement of financial position as at 30 June 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 policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GAS Company (Tanzania) Limited as at 30 June 2025, and its financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and as required by Companies Act, No. 12 of 2002.

Basis for Opinion
I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of GAS Company (Tanzania) Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters
Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for other information. The other information comprises the report by those charged with governance, statement of directors' responsibility, Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB) and for such internal control as management determines 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, management is responsible for assessing the entity'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 management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

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

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My 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 audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs 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 ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- 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.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap. 418 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods, and services

I conducted a compliance audit of the procurement of works, goods and services at GAS Company (Tanzania) Limited for the year ended 30 June 2025 as per the Public Procurement Act 2023, the Public Procurement Regulations,2024, and related directives. I examined each phase of the procurement life cycle, including advertising of tenders, evaluation of bids, award of contracts and contract management, to confirm that the entity issued competitive solicitations, applied approved evaluation criteria, secured authorizations before award and maintained complete transaction records.

Conclusion

Based on the audit procedures performed, I conclude that, except for the matter described below, GAS Company (Tanzania) Limited generally complies, in all material respects, with the requirements of the Public Procurement laws in Tanzania.

Use of non-competitive methods without justifications

The Company awarded catering service contracts for the Songosongo Gas Processing Plant (TZS 1,045,212,856) and the Kinyerezi gas pipeline (TZS 351.77 million) using restricted tendering and single-source procurement methods without adequate justification or approval, contrary to Regulation 159(1) of the Public Procurement Regulations, 2024, which requires competitive tendering as the primary method and allow non-competitive methods only under clearly defined and justified circumstances; given the non-specialised nature of catering services, the use of non-competitive procurement reduced transparency, and limited competition.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I conducted a compliance audit of budget formulation and execution at GAS Company (Tanzania) Limited for the year ended 30 June 2025 as per the Budget Act, Cap. 439, and the Budget Guidelines issued by the Ministry of Finance. I reviewed budget submissions, approval memoranda, ledger entries and variance analysis to confirm that the entity prepared estimates in the prescribed format, obtained timely authorizations before incurring obligations, recorded transactions accurately and reported variances as required.

Conclusion

Based on the audit procedures performed, I conclude that GAS Company (Tanzania) Limited complies, in all material respects, with the requirements of the Budget Act and related Budget Guidelines.

Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2026

2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2025

2.1 INTRODUCTION

Those Charged with Governance (TCWG) present this report together with the audited financial statements for the year ended 30 June 2025, which disclose the state of affairs of Gas Company (Tanzania) Limited, herein referred to as "GASCO" or the "Company".

2.2 INCORPORATION

Gas Company (Tanzania) Limited, a wholly owned subsidiary Company of TPDC, was incorporated on 13 August 1985 under Companies Ordinance and obtained Certificate of Incorporation number 11280. The Company remained dormant until 2014, when it was revived by the TPDC Board of Directors.

Section 9 (2) (c) of the Petroleum Act, 2015 amplifies TPDC's mandate to carry out specialised operations in the natural gas value chain on its own or through its subsidiaries, including processing, transportation, liquefaction, regasification, storage, compression and distribution. Given this mandate, TPDC designated the newly revived GASCO to carry out some of the aforementioned operations. Refer to principal activities details below. GASCO began its Operations and Maintenance (O&M) activities for the National Natural Gas Infrastructure (NNGI) in year 2015.To foster wide-ranging involvement in the oil and gas sector, GASCO has been registered with the Contractors Registration Board (CRB) since 12 June 2018, to build oil and gas infrastructures in Tanzania. GASCO is registered as a Specialist Mechanical Contractor Class 2 (Fabrication, Installation and Maintenance of Oil and Gas Infrastructure) with registration number SPM2/261/06/2018 and Civil Contractor Class 5 with registration Number C5/1008/06/2018. Consequently, the Company commenced construction activities in January 2019.

The Company was upgraded and registered as a Specialist Mechanical Contractor Class 1 (Fabrication, Installation, and Maintenance of Oil and Gas Infrastructure) on 9 July 2024 with registration number SPM1/408/07/2024. This upgrade allows the Company to engage in higher-value oil and gas projects with no limit on the single contract value.

2.3 PRINCIPAL ACTIVITIES

The principal activities of the Company are:

i. Operating and maintaining the National Natural Gas Infrastructure (NNGI) that includes natural gas processing plants, natural gas transmission pipeline and distribution networks.

ii. Ensuring safety and security of the NNGI in the midstream and downstream value chain.

iii. Undertaking capacity building programs in various disciplines to enhance effective and efficient management of gas infrastructure; and

iv. Undertake construction of the petroleum infrastructure networks.

2.4 BUSINESS OBJECTIVES AND STRATEGIES

Vision statement

To be a reliable company in operation, maintenance, construction and consultancy services related to energy infrastructure.

Mission Statement

To deliver excellence in operation, maintenance and construction that optimizes reliability and availability, upholds high standards of safety, and minimizes environmental impact while creating value for our clients and stakeholders.

Core Values

Excellence	Achieve operational excellence by implementing best industrial practices, embracing technology, and fostering a culture of continuous improvement to deliver reliable and cost-effective O&M services and construction activities.
Trust and Collaboration	Fostering a culture of trust, teamwork and respect where integrity, transparency, accountability and professionalism thrive, ensuring seamless interactions and collaboration within our team.
Customer Centricity	Prioritize client and stakeholder satisfaction by understanding their needs, providing customized solutions, and exceeding their expectations in terms of service quality, responsiveness, and value delivery.
Innovation	Leverage technology to enhance efficiency in communication, electronic documentation, advancement of operation and maintenance, designing and project planning.
Environment and Safety	Prioritize our people and communities' health and safety while protecting the environment in a sustainable manner.

2.5 NATURE OF OPERATIONS

Operation and Maintenance Activities

Significant progress has been made in the areas of operation and maintenance of National Natural Gas Infrastructure (NNGI) and construction of natural gas infrastructure networks to downstream customers. The Company operates and maintains the NNGI, which includes a 551 km gas pipeline from Msimbati (Mtwara Region) and Songo Songo (Lindi Region) to the Dar es Salaam Region, with a transportation capacity of 784 million Standard Cubic Feet per day (mmscfd). It also manages two processing plants: Madimba, with a processing capacity of 210 mmscfd, and Songo Songo, with a processing capacity of 140 mmscfd. In addition, the Company operates and maintains gas distribution networks consisting of about 126.38km connected to power plants, industries, institutions and households located in Dar es Salaam, Mtwara, Lindi and Coast regions.

The key to the success of the Company depends on human resource capacity building and development. Significant emphasis has been directed into capacity-building through training programs to equip staff with knowledge and skills to enable them to manage natural gas infrastructure effectively and efficiently.

Generally, the Company has an important role in the mid and downstream aspects of the Natural Gas sub sector in Tanzania, and specifically in supporting its mother company (TPDC) to achieve its objectives as a National Oil Company (NOC).

The Company's performance has been partially impacted by manufacturers not willing to comply with terms and conditions outlined in the standard tender documents and the ongoing geopolitical tensions, particularly the crisis in Russia and Ukraine have negatively impacted the global economy. The effects were notable in the procurement of goods and services where the Company experienced delays in delivery of goods, frequent extension of contracts and cancellation of tenders due to non-responsiveness to bids and high price volatility for goods and services procured abroad.

Between 17th March and 5th April 2025, the Gas Company (Tanzania) Limited (GASCO) conducted a technical mission to South Africa, UAE (Abu Dhabi) and Brazil targeting key Original Equipment Manufacturers (OEMs) and strategic suppliers. These engagements were driven by the operational need to strengthen direct partnerships, improve turnaround times on critical components, and resolve longstanding contractual and logistical issues affecting the reliability of Tanzania's natural gas infrastructure.

The primary objective of this mission was to establish direct and efficient partnerships with Original Equipment Manufacturers (OEMs) and suppliers who play a critical role in supporting the operations of Tanzania's natural gas infrastructure. By meeting with Siemens, Clarke Energy, MAN Energy Solutions, TVC Limited (Flowserve), Mayekawa, and Accelleron, Gutor and Gascat, GASCO aimed to secure long-term framework agreements for the supply of spare parts, routine maintenance, and technical support.

These agreements are essential for improving service reliability, ensuring quality assurance, and reducing procurement delays that impact plant performance.

Additionally, the mission sought to resolve key contractual and logistical challenges previously encountered during procurement and service engagements. This included clarifying dealership and representation structures, aligning payment modalities, addressing delays in contract execution, and discussing the integration of each vendor into Tanzania's National e-Procurement System (NeST). Ensuring vendor compliance with Tanzanian tax laws and the 15% withholding tax on services was also a priority.

A further objective was to explore opportunities for knowledge transfer and capacity building through structured technical training programs for GASCO engineers. By fostering these partnerships, GASCO aimed to build a more resilient operational framework, reduce dependence on intermediaries, and ensure sustainable, cost-effective support for the country's strategic energy infrastructure.

Construction Projects

Ongoing Projects

For the financial year 2024/2025, the Company managed to secure and execute five (5) construction projects with a total value of TZS 4.96 billion which is equivalent to 83% of the planned projects. Details of the executed projects are summarised hereunder:

i. **Engineering, Procurement and Construction (EPC) for the natural gas distribution network at Dar es Salaam University College of Education (DUCE) and MLIMANI city kitchens.**

   The contract was signed on 20th August 2024, and site works commenced on 12th February 2025 after obtaining all construction permits from the relevant Authorities. The scope covers detailed design, Procurement of all items, construction, testing and commissioning works. Main activities conducted during the period under review include the procurement of PRMS, Installation of the PRMS, Testing of PRMS, and Tie-in & Commissioning of the PRMS and the installed HDPE pipelines. The Company has managed to execute 97.9% of the project activities, and it is expected to be completed by the end of July 2025.

ii. **Engineering, Procurement, Construction of Natural Gas Interconnection Pipeline to PUMA Energies CNG Stations.**

   The Company signed the contract with PUMA Energies on 6th December 2024, and site works commenced on 18 March 2025 after obtaining all construction permits. This is a six (6) months' contract which covers Engineering, Procurement and Construction (EPC) for Natural Gas Interconnection Pipelines to PUMA Bagamoyo Road CNG Station and PUMA Tegeta CNG Mother Station.

During the period, the main activities conducted include installation, testing and commissioning of FMS and construction of steel pipelines. To date, 78% of the project activities have been completed, and the project is expected to be completed by the end of August 2025.

iii. **Engineering, Procurement and Construction (EPC) for Natural Gas Distribution Network in Dar es Salaam- BQ and Energo**

On 20 December 2024, the Company signed an EPC contract for the natural gas distribution pipeline to BQ and Energo CNG stations, and site works commenced on 18 March, 2025, following the successful acquisition of all required permits. This is a six-month project, which was expected to be completed on 14 June 2025; however, the project extended to 24 August 2025 following delays associated with the procurement of FMS. Currently, the overall project completion is 90% pending delivery, testing, and commissioning of FMS.

iv. **Engineering, Procurement and Construction (EPC) for Natural Gas interconnection to TANHealth-Mbezi beach**

The contract was signed on 20 February 2025, and site works commenced on 28 June 2025 after obtaining all construction permits from the relevant Authorities. This is a four-month contract which covers detailed design, procurement of all items, construction, testing, and commissioning works. Currently, 54.15% of the project activities were completed and it is expected to be completed by the end of September 2025.

v. **Internal connection to Knauf industry-Muranga (labor work)**

On 21 March 2025, the Company signed the contract with Knauf Industry for installation of natural gas pipes to the heating units four (4) burners and Sanction machine approximately 290m. This is a three months (3) contract which covers installation, testing and commissioning of networks. The Company successfully completed the project on 22nd June 2025.

vi. **Prospective Construction Projects**

The Company submitted a bid for the Engineering Design, Procurement and Construction (EPC) of gas distribution Infrastructure and Connection of gas supply to TAQA DALBIT Mbezi CNG Station. Currently, we are waiting for an ongoing evaluation process from the client.

vii. **Engineering Procurement and Construction (EPC) for Natural Gas Distribution Pipeline to G&B Soap Industries Ltd.** The Company planned to submit a bid on 21 July 2025 for the undertaking of EPC to connect with G&B Soap Industries Ltd through NeST.

2.6 FINANCIAL PERFORMANCE FOR THE YEAR

The report outlines significant milestones achieved, including the commencement of key operations, substantial revenue growth, and a marked improvement in profitability. These results provide stakeholders with a clear and transparent account of the Company's progress and financial position during the year under review.

The Company commenced operation and maintenance of TPDC CNG Mother station near Mlimani City effectively from May 2025 after successful testing and commissioning of the station that started in January to April 2025. The station has a capacity of 3mmscfd and currently serves an average of 1500 vehicles per day by working 24 hours. Moreover, the installation of daughter stations at Kibaha and Muhimbili has almost completed and is under pre-commissioning expected to start the operation and maintenance.

The Company's total revenue for the financial year 2024/25 increased by 2596%, to TZS 17,341 million from TZS 643 million in the financial year 2023/24.However, The company reported a profit of TZS 2,118 million (compared to a loss of TZS 1,325 million in June 2024), reflecting a an increase from the previous year. The increase is primarily due to a commencement of Operation and Maintenance billing arrangements in the current year as well as increase in number of construction projects executed during the year. The detailed results for the year are presented on page 25 of this report.

The table below highlights key financial performance indicators for the financial year 2024/2025.

S/N	Description	2024/25	2023/24
	Liquidity Ratios		
1	Current ratio	0.79	0.78
2	Quick ratio	0.26	0.24
	Profitability Ratios		
3	Revenue Growth (%)	2596%	(51%)
4	Net Profit Margin	12%	(206%)
	Leverage Ratios		
5	Debt to Assets ratio	1.1	1.16

From the above table, the key financial ratios are interpreted as follows

i. **Liquidity Ratios**
The liquidity ratios measure the Company's ability to meet its short-term obligations as they become due. The current liabilities of GASCO are mainly due from related entities as disclosed under Note 12. Details of the current and quick ratios are summarised below:

a. **Current Ratio:** The Company's current ratio improved slightly from 0.78 in 2023/24 to 0.79 in 2024/25. This means that for every TZS 1 of current liabilities, the company had TZS 0.79 in current assets to cover them. Although the ratio still below 1, this small improvement indicates a modest enhancement in short-term liquidity and financial health.

   Further improvement is anticipated following the contract signing of the O&M billing with TPDC, whereby GASCO has commenced earning revenue from the O&M business which will improve its cash flow position. In addition to that GASCO is also in the process of engaging TPDC in restructuring its assets and liabilities in a way that would strengthen GASCO's financial position.

b. **Quick Ratio:** The quick ratio increased slightly from 0.24 in 2023/24 to 0.26 in 2024/25. Excluding inventory from current assets, this ratio measures the company's ability to cover its immediate liabilities using only liquid assets. While the ratio remains below 1, the ratio is expected to improve after capital injection.

ii. **Profitability Ratios**

Profitability ratios provide insight into the company's ability to generate earnings relative to its revenue and costs:

a. **Revenue Growth:** The Company experienced an increase in revenue growth, with an increase of 2,596% in 2024/25 compared to (51%) in 2023/24. This increase primarily driven by execution of construction projects as well as new revenue stream from Operation and Maintenance activities.

b. **Net Profit Margin:** The Company's net profit margin increased to 12% in 2024/25, compared to (206%) in 2023/24 This increase primarily driven by number of construction projects executed during the period as well as profit generated from Operation and Maintenance activities.

iii. **Leverage Ratios**

Leverage ratios assess the degree to which the Group's assets are financed by debt and equity:

a. **Debt to Assets Ratio:** The company's debt to assets ratio decreased slightly from 1.16 in 2023/24 to 1.10 in 2024/25, indicating a modest improvement in reducing financial leverage. However, since the ratio remains above 1, it suggests the company still has more liabilities than assets, reflecting continued financial risk. Although the ratio indicates risk, a significant portion of the liabilities comprises related party transactions, which may be more flexible than third-party obligations.

b. **Dividend:** The Directors do not recommend the declaration of a dividend for the year ended June 2025 (June 2024: Nil).

iv. Other key achievements

During the year the Company attained performance efficiencies of 99.74% in operations and 98.76% in maintenance of the NNGI infrastructures.

Other Key performance measures are summarised in the table below:

KPI				REMARKS
Description	**Anticipated**	**Actual 2025**	**Actual 2024**	
Quantity of Gas Processed and charge to pipeline	45,074 mmscf	40,409.81 mmscf	48,955.98 mmscf	The gas volume received from upstream suppliers was lower than anticipated downstream demand due to upstream fields deliverability limitations.
Average Water and Hydrocarbon dew points	Water ≤ - 25°C Hydrocarbon ≤ - 12°C	Water - 25.21°C Hydrocarbon - 15.29°C	Water - 27.11°C Hydrocarbon - 16.43°C	Target achieved, this was attributed to high operations efficiency.
Quantity of Gas distribution to customers	45,074 mmscf	40,376.34mmscf	48,465.71mmscf	The gas volume received from upstream suppliers was lower than anticipated downstream demand due to upstream fields deliverability limitations.
Madimba Plant- Lost Time Injury (LTI)	Zero (LTI = 0)	Zero (LTI = 1)	Zero (LTI = 0)	There was one loss time injury.
Kinyerezi Station- Lost Time Injury (LTI	Zero (LTI = 0)	Zero (LTI = 0)	Zero (LTI = 0)	Target achieved as a result of HSE Training, availability of safety gears, employee safety commitment and compliances with O&M SOP(s).
Songo Songo Plant- Lost Time Injury (LTI	Zero (LTI = 0)	(LTI = 0)	Zero (LTI = 1)	Target achieved as a result of HSE Training, availability of safety gears, employee safety commitment and compliances with O&M SOP(s).

2.7 CORPORATE GOVERNANCE

GASCO corporate governance structure is divided into three main organs namely, the Annual General Meeting (AGM), the Governing Board and the Management. Further details are described in the sub-parts below:

i. The Annual General Meeting

The AGM is the highest decision-making organ at the Company level. It is responsible for setting policies; plans and budget; and strategic direction of the Company. The composition of the AGM is the TPDC Board of Directors sitting on behalf of TPDC as the sole Shareholder of the Company. The AGM is conducted once every fiscal year. However, an Extraordinary General Meeting can be convened at any time when deemed necessary.

The Governing Board convened its 1st Annual General Meeting (AGM) on 6 May,2025 to present the Directors' Report and the Audited Financial Statements for the financial year ended 30 June 2024. The AGM also served as a forum to deliberate and resolve on the proposed amendment of the Company's Memorandum and Articles of Association (MEMARTs) and an increase in the authorized share capital.

TPDC Board of Directors enters a performance contract with the Governing Board to define working relationships and agree on Key Performance Indicators (KPI's) to realise goals and objectives stipulated in national policies, legislations, and strategies.

ii. The Governing Board

The Governing Board is responsible for formulating internal policies, procedures, rules, and facilitating timely service delivery and ensuring prudent management of resources under the policies and procedures in place. The Governing Board also takes overall responsibility for the Company, including responsibility to identify key risk areas, consider and monitor investment decisions, consider significant financial matters and review the performance of management business plans and budgets. The Governing Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles. The TPDC Board of Directors appoints the Governing Board as the Shareholder of the Company. On its' 8th Extra-Ordinary Meeting held on 3 May 2023, the Board of Directors of Tanzania Petroleum Development Corporation approved the Governing Board of Directors of Gas Company (Tanzania) Limited, composed of five (5) members. The tenure of the Governing Board commences from July 2023 to July 2026. Moreover, director William M. Chiume, a member of the Governing Board appointed from amongst the Members of the Parent Company Management, resigned from TPDC effectively from 15 July, 2024. Since Director Chiume was appointed as a Member of the Governing Board by virtue of being a Member of TPDC Management, he ceased to be a Member of the Governing Board.

During the financial year ended 30 June 2025, the Governing Board convened a total of eight (8) meetings—comprising four (4) ordinary and four (4) extraordinary sessions. All members attended these meetings, except for one ordinary meeting where Dr. Hanifa Twaha Massawe was absent due to an emergency. Mr. Mpambika William Chiume did not attend any meetings during the year, as he officially resigned effective July 2024.

Key matters addressed by the Board included the approval of the 2025/2026 Company Budget, operational policies, and Board and Committee charters. The Board also reviewed and deliberated on audit reports, financial statements, and budget performance reports.

Governing Board members who were all appointed on 11 July 2023 are:

Name	Gender	Age	Position	Nationality	Discipline
Mr.Julius Beda Mukoji	M	67	Chairman	Tanzanian	Development Finance Specialist
Dr.Hanifa Twaha Massawe	F	43	Member	Tanzanian	Doctor of law
Eng. Gabriel Njunwa Bujulu	M	70	Member	Tanzanian	Petroleum Engineer
Eng.Emmanuel Gilbert Simon	M	48	Member	Tanzanian	Chemical and Process Engineer

The Governing Board has formulated two committees, comprising members from the Governing Board and Co-opted Members, to ensure and uphold a high standard of corporate governance. The Members' tenure of office for these committees runs concurrently with that of the Governing Board Members. The Committees report to the Governing Board and are scheduled to meet at least once in every quarter. The two Board's committees are as described below:

a. Audit, Risk and Compliance Committee

The primary purpose of the Audit Risk and Compliance Committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.

The Committee will deliberate and recommend to the Governing Board all issues relating to:

- Audit matters;
- Financial matters;
- Risk matters;
- Compliance matters; and

b. Governance and related matters directed by the Committee.

For the financial year ended 30 June 2025 the Audit Risk and Compliance Committee held six (6) meetings (4 ordinary and 2 extra ordinary). Among other things the Committee deliberated on Internal Audit reports, financial reports, Risks reports and committee charter. Committee members attended all meetings.

Members of the Audit, Risk, and Compliance Committee comprise of the following:

S/N	Name	Gender	Position	Nationality	Discipline
1	Eng. Gabriel N. Bujulu	M	Chairperson	Tanzanian	Petroleum Engineer
2	Mr. Lwaga A. Kibona	M	Co-opted Member	Tanzanian	Economists
3	CPA. Eunice A. Liheluka	F	Co-opted Member	Tanzanian	Accountant

c. Operation and Corporate Affairs Committee

The primary responsibility of the Committee is to oversee the commercial vision on behalf of the Governing Board and report the results of their activities to the Governing Board. The Committee shall deliberate and recommend to the Governing Board issues relating to:

- Planning and budget matters;
- Investment and Projects matters;
- Local Content matters;
- Marketing matters;
- Human Resources matters;
- Legal matters;
- ICT and Statistics; and
- Governance and related matters directed by the Committee.

For the financial year ended 30 June 2025 the Operation and Corporate Affairs Committee held five (5) meetings (4 ordinary and 1 extra ordinary) Among other things the Committee deliberated on 2025/2026 Plan and Budget, Plan and Budget performance reports, Succession Strategy and staff matters. Committee members attended all meetings.

Members of the Operation and Corporate Affairs Committee comprise of the following:

S/N	Name	Gender	Position	Nationality	Discipline
1	Eng. Gilbert E. Simon	M	Chairperson	Tanzanian	Chemical and Process Engineer
2	Dr. Hanifa T. Massawe	F	Member	Tanzanian	Doctor of law
3	Mr Francis N. Sangunaa	M	Co-opted Member	Tanzanian	HR Specialist

iii. The Management

The Governing Board delegates the day-to-day management of the Company affairs to the General Manager assisted by the senior Management team. Senior Management members are invited to attend Governing Board meetings. They facilitate effective control of all the Company's operational activities, acting as a medium of communication and coordination between various units. The Company is committed to the principles of effective corporate governance. The Management of the Company is under the General Manager and comprises four (4) Departments and six (6) Units of which four (4) Units are operational and two (2) are yet to be staffed hence the respective services are outsourced from the mother company. The Departments and Units are as listed here below

Departments:

- Department of Natural Gas Processing Plants Operations,
- Department of Natural Gas Distribution,
- Department of Pipeline Operations, and
- Department of Finance and Administration.

Units

- Legal Services Unit,
- HSE and Risk Management Unit,
- Internal Auditing Unit,
- Procurement Management Unit,
- Security and Intelligence Management Unit; and
- Public Relations Unit

The Management of the Company is as indicated in the table below:

Name	Position
Eng. Baltazari T. Mrosso	General Manager
Eng. James A. Mwaipasi	Plant Manager Songosongo
Eng.KondoroL. Nteminyanda	Plant Manager Songosongo
Eng. Leonce S. Mrosso	Plant Manager Madimba

Name	Position
Eng. Sultan S. Pwaga	Ag. Plant Manager Madimba
Eng. Fakihi H. Mohamed	Ag. Manager Gas Distribution
Eng. Joseph P. Kavishe	Ag. Manager Pipeline Operations
CPA. Joyce S. Urio	Ag. Manager Finance and Administration
Mr. Donald M. Aponde	Ag. Head of Procurement Management Unit
CPA. Msaada E. Athumani	Ag. Head of Internal Audit Unit
Adv. Demelina M. Ngalomba	Ag. Head of Legal Services Unit
Mr. Fred L. Mfikwa	Ag. Head of Security and Intelligence Management Unit

2.8 CAPITAL STRUCTURE

The Company capital structure for the year is as shown below.

Share capital	**2025** **TZS 'm**	**2024** **TZS 'm**
Authorised: ordinary shares		
1,500 ordinary shares of TZS 1,000,000 each	1,500	1,500

All of the Company's ordinary shares are held by Tanzania Petroleum Development Corporation (TPDC).

2.9 PRINCIPAL RISKS, UNCERTAINITIES AND OPPORTUNITIES

The Company employs an integrated risk management framework across all business processes to manage risks and opportunities, ensuring an acceptable risk profile and value creation is maintained at all times.

The Governing Board, through the Audit, Risk, and Compliance Committee (ARCC), oversees risk management activities by setting the appropriate tone at the top and providing guidance regarding risk management activities in the Company to achieve its intended objectives.

Principal Risks and Uncertainties

The Company faced several risk factors during the financial year 2024/25. The most critical risks and opportunities during the period are briefly described in the following Tables 1 & 2, respectively.

Table 1: The Company Risks: Categories, Risks & Impacts, and Mitigations

S/N	Risk Category	Risk and Impact Description	Risk Mitigation
1	Strategic	•The Company's first business plan (GBP) was approved this year, outlining strategic objectives for the five fiscal years from 2025/26 to 2029/30. This GBP is expected to improve operational efficiency but may also introduce associated risks. •The Company also continue to strengthen its position in commercial construction works by upgrading its class where it can compete in any project category. This success, however, brings both risks and opportunities, necessitating robust risk management to meet internal and external obligations.	•The approved GBP is incorporated with a continuous risk assessment to guide its implementation. • The Company continue to assess risks in its business ventures, implementing appropriate mitigations to address uncertainties and capitalize on opportunities
2	Financial	The company's finances continued to be exposed to threats from financial management and other factors. •Liquidity Risk: The risk of insufficient financial resources to meet operational ad hoc and project demands, causing delays in implementation and compromising overall business objectives. •Foreign Exchange Risk: The Company is exposed to foreign exchange losses as a result of transactions from a currency mix emanating mainly from international procurements and vendors' payments. The transactions would cause adverse movements in foreign exchange rates	Financial risks are meticulously managed to ensure the company's fiscal stability and sustainable growth. Our strategies include: •We are looking to a diverse funding base to ensure access to funds for operational needs and strategic investments by increasing O&M activities in the emerging infrastructure and investing in commercial activities. •The presence of an adequate insurance policy will cover the unexpected impacts on operations and infrastructure. •Also, exercising robust cash flow forecasting and management is central to maintaining sufficient liquidity. •The Company maintained a USD bank account to accommodate unavoidable foreign transactions; otherwise, to minimize forex transactions, the Company abides by the regulations to enter into agreements in local (TZS)

S/N	Risk Category	Risk and Impact Description	Risk Mitigation
			currency payments •Also, The Company regularly sought reimbursement in foreign currency from the parent company to cover anticipated foreign currency expenditures, thereby mitigating the effects of foreign exchange losses.
3	Operational	Operational threats continued to be inherent in the Company's operations during the year. • The Company's Gas nominations to upstream suppliers, especially for the Songosongo plant, are decreasing due to the depletion of the producing field. This poses a significant risk, leading to the plant being highly underutilized. Consequently, the plant's operational costs will rise as it continues to deteriorate • Further, the Company faced limited human error incidents and security threats during the year, which could lead to various impacts, such as degradation of the natural gas infrastructure's integrity or even loss of lives.	•Efforts are underway to urge TPDC to explore for additional gas to achieve the expected plant's production economies. Most probably to prioritise and fast-track the exploration project at the nearby block of the West Songosongo. •The Company continued to implement several measures, including staff training and security surveillance, to limit the chances of the occurrence of operational risk from internal sources
4	Health, Safety and Environment	• The Company's activities continued to be inherently vulnerable to adverse HSE incidents. This exposure was mainly instigated by the complexity of the operations and the flammable nature of the products handled, which is natural gas.	• The Company implemented an effective HSE policy and exhibited impressive management of this risk, as there were no major incidents during the year. • In addition, the Company significantly enhanced its HSE compliance by adopting ESG initiatives and pursuing ISO certification. These efforts will boost HSE awareness and compliance among all stakeholders.

S/N	Risk Category	Risk and Impact Description	Risk Mitigation
5	Legal and Regulatory	The dynamic nature of relevant policies and the regulatory landscape remains a considerable risk to the Company. Specific policy changes could require the Company to frequently adjust its business strategies, thereby affecting its ability to consistently and effectively achieve its goals Recently, during the period under review, Tanzania's Development Vision 2050 was launched for execution. It presents a comprehensive plan to transform the nation into a high-income, knowledge-based, and inclusive society. One of the key areas highlighted by the TDV 2050 is the energy sector, in which our Company is involved. Successful implementation of this vision may necessitate occasional adjustments to national policies.	• To address this risk, the Company regularly engages the relevant regulators to explore the best ways to ensure compliance, and • The Company is engaging in relevant policy discussions impacting its operations. These engagements enable the company to contribute to the formulation of regulatory frameworks, articulate its concerns, and remain informed of impending policy changes.
6	Cybersecurit y	With increasing digitalisation, cybersecurity is a critical focus. Cybersecurity threats have the potential to disrupt the Company's operation and jeopardise the data security and privacy of its stakeholders. Given its critical role in ensuring a smooth and reliable gas supply to downstream customers, the security of ICT infrastructure and supporting systems is important	ICTS Unit facilitates the deployment of multi-layered security protocols, including firewalls, intrusion detection systems, encryption, and regular vulnerability assessments. Employee training on cybersecurity best practices was provided, and robust disaster recovery and business continuity plans are in place.

Opportunities

On the other hand, the Company ascertains some opportunities that might positively affect the execution of its plans.

Table 2: The Company opportunities: Categories, Opportunities & Benefits, and Utilization Measures

SN	Opportunity Category	Opportunity and Benefit Description	Utilization Measures
1	Strategic	By establishing the construction unit, The Company, as a gas dealing Company, it has a competitive advantage to grab the related construction works from the market, and it would increase its revenues.	• Acquisition of more construction works is sustained during the year, and several works were acquired. • The acquired works by the construction company have been accomplished in unique and up-to-standard works to attract more clients. • Strategically, the placement of Company's technical staff in the Ntorya-Madimba pipeline construction project will provide the staff with knowledge and experience to handle the kind of project.
2	Strategic	A national campaign that drives cleaner energy will leverage the usage of natural gas. The demand and awareness of using natural gas are favorably increasing from day-to-day due to natural gas being termed as a transition of energy to zero emission. Household gas users and CNG vehicles are in the utmost need.	• The Company operates TPDC's CNG mother station and plans to run the upcoming daughter stations and other CNG-V facilities is a notable effort to participate in the expanding market. • During the period, the Company continued to increase and up-skill its manpower to keep pace with the increasing demands.

SN	Opportunity Category	Opportunity and Benefit Description	Utilization Measures
3	Operational	GASCO is one of TPDC's subsidiaries with a specialized function different from other subsidiaries, but somehow, they can work together and share fields of expertise. Working together as a Group of Companies provides a synergic benefit that could reduce investment and operating costs, building internal capacity and assisting in upholding the same standards in common activities.	• A collaborative market survey of common business opportunities was conducted on several occasions during the period. • The principal-agent relationship was exercised between the parties in different projects, such as gas distributions, running a CNG station and the construction of petrol stations.

Assumptions on Risks, Uncertainties and Opportunities

i. The Company is aware of the following assumptions during assessments of the risks, uncertainties and opportunities:

ii. Possible occurrence of adverse HSSE incidents as it may be triggered by handling of flammable materials, chemicals, complex operations or susceptible to human errors and integrity failure of infrastructure.

iii. The volatile nature of the financial markets, such as forex rates, interest rates, inflation and fiscal terms of international trade, will continue to be monitored to remain at a tolerable level;

iv. A healthy relationship with the parent company remains growing as it maintains fair boundaries while also valuing individual independence in executing its strategic goals;

v. Significant dependency on the parent company to fund business operations and investments, though new O&M and construction activities raise;

vi. The political stability and political support to the Oil and Gas sub-sector exist during the implementation of the Company's objectives;

vii. The compliance with the multifaceted regulatory landscape was achieved during the implementation of the Company's business operations;

viii. An increase in technological adoption in the Company operations for performance and efficiency enhancement was considered during the year;

ix. Competent, skilled and motivated staff would be available during the Business Plan implementation period;

x. The current organisation structure will remain intact for the implementation of the Company's Business Plan, and there will be no significant change in the existing organisation structure.

2.10 INTERNAL CONTROL AND AUDITING

i. Internal Controls

The Company has established an appropriate system of internal controls in order to provide reasonable assurance regarding the achievement of objectives in terms of effectiveness and efficiency of operations, reliability of financial reporting and compliance with the applicable laws and regulations. The internal controls so designed include but are not limited to segregation of duties, reconciliations, physical controls, transaction and activity reviews, quarterly budget and performance reviews, policies and procedures.

ii. Internal Auditing

The Company has an internal auditing Unit in place to provide assurance that internal controls in place are adequate to mitigate the risks, governance processes are effective and efficient, and organizational goals and objectives are met. The Unit is composed of personnel with financial, engineering and legal background. The mix in knowledge, skills and competencies enables the Unit to perform its responsibilities as per the Global Internal Audit Standards, 2024.

2.11 SOLVENCY

Management has reviewed the Company state of affairs and are of the opinion that the Company will continue operating in a manner that its financial obligations will be met. Additionally, while indicators of going concern such as the net current liabilities position suggest that the Company faces some risk, the Management is confident that this risk does not pose a significant threat as 95% of the liability comes from related party transactions.

2.12 RESOURCES

The Company owns several resources in its operations as described below:

i. Human Capital

The Company has been allocated with an adequate number of qualified human capital with relevant multi-disciplines by TPDC. Additionally, the Management is committed to enhancing staff capabilities through both short-term and long-term training programs. These initiatives are designed to ensure effective and efficient management and operation of natural gas infrastructure, with the goal of reducing reliance on foreign experts.

ii. Financial Resources

The Company's financial resources are from budgetary allocations for operation and maintenance activities by transfer of funds from TPDC and revenues obtained from Construction activities. However effective from April 2025 the Company commenced formal billing arrangements with TPDC. The billing arrangement was established following the approval and signing of the Relationship Framework of TPDC and its Subsidiary companies by TPDC Board on 13th February 2025 which was subsequently followed by signing of Operation and Maintenance Contract on 17 March 2025.

iii. Social and Relationship Resources.

The Company social and relationship resources is composed of ethical and transparent relationships with its customers, regulated service providers, suppliers, regulatory bodies, Government and the general public who are internal and external stakeholders by establishing a harmonious relationship. The Company creates shared value strategy relating to social development initiatives such as education and supplying clean water to the communities in the areas of operations.

2.13 RELATIONSHIP WITH STAKEHOLDERS

The Company operations cut across several stakeholders' interests. The Company enjoys good and cooperative support from all stakeholders. Key to this relationship has been a prompt and informed communication system. Some of key stakeholders involve the following:

i. Shareholder (TPDC)
ii. Government Ministries, Departments and Agencies (MDA's)
iii. Local Communities along pipeline wayleave.
iv. Various suppliers who provide goods and services to the Company.
v. Natural gas customers i.e. industries, institutions and households
vi. The public.

The Company meets the expectations of its stakeholders by providing quality and timely delivery of services. Employees at all times, while performing their duties serve and interact with stakeholders honestly, diligently, fairly and with mutual respect. In order to attain stakeholder's expectation, the Company set standards based on employee's attitude and behaviour and quality of services to be delivered.

These standards mainly focus on Relationship with Company's customers, fairness, equality, clarity, accuracy of information and responsiveness.

The Company has been engaging local communities along NNGI through their involvement in security and cleaning of the wayleave aiming at creating harmonious environment. Moreover, the company has been providing free water and electricity services to some of the local communities.

2.14 EMPLOYEES' WELFARE

i. Management and employee's relationship

There is a well-established TPDC Workers Council where GASCO staff are among the members, this facilitates good relationships between the GASCO management and its employees. GASCO members of staff are free to air their views through the available normal channels like staff e-mailing system, suggestion boxes and during meetings. Employees and Head of Directorate/Units get in touch with each other during departmental meetings, Workers Council meetings and all staff meetings that are held at different times.

ii. Training and Development

GASCO has adopted training and development program of its parent entity - TPDC. The TPDC Staff Regulations (2008) provides procedures to be followed when implementing the training and development program. Sources of funds are set in the yearly financial budget and are clearly identified in the training program. During the year ended 30 June 2025, a total of TZS 2.52 billion (2024: TZS 2.01 billion) was spent to cover short and long courses both local and abroad. This has enhanced GASCO employees to operate and maintain the National Natural Gas Infrastructure effectively and efficiently.

iii. Medical Assistance

All GASCO staff are included in the health insurance scheme (Workers Compensation Fund, (WCF) through TPDC as an employer. The National Health Insurance Fund (NHIF) which is a government health scheme provides medical services to all public employees. Since GASCO staff are still under TPDC payroll, Workers Compensation Fund (WCF) have been accounted for by TPDC.

Both the employer and employee contribute 3% each of the basic salary to NHIF, in 2025 total medical services amounted to TZS 357 million (2024: TZS 384 million). In the cases where the NHIF cannot cover some of the medical services as required by Company staff, the employer has entered a contract with NHIF for supplementary services. Furthermore, the Company has contracted a medical services company which is available for 24 hours to serve staff at gas processing plants.

iv. Employees' Benefit Plans

Since GASCO staff are under TPDC payroll, their contributions to the Public Service Social Security Fund (PSSSF) during the year have been paid and accounted for by TPDC.

v. Saving and Credit Cooperative Society

GASCO staff are among the members and free to join TPDC SACCOS which provides short and long-term loans. This has reduced the burden of issuing loans and salary advances to staff.

vi. Gender policy

The Company is dedicated towards conforming to a national policy on gender balance by adhering to the principles of gender issues. The TPDC Staff Regulations observes principles of gender matters like employment opportunity and sexual harassment issues.

During the year ended 30 June 2025, TPDC had allocated to GASCO 251 employees (242 permanents and 9 contract) of which 211 (84%) were male and 40 (16%) were female.

The Company have two policies namely Anti-Discriminatory Policy and Anti- Sexual Harassment Policy in place to ensure gender issues are enhanced.

vii. HIV/AIDS and Mental Health Awareness Programme

The Company has an HIV/AIDS and non-communicable diseases awareness program and measures with an objective to provide an all-encompassing management of HIV/AIDS and non-communicable diseases at the workplace to ensure business continuity. In the year 2024/25, GASCO conducted one awareness program to staff to bring awareness to the employees on HIV/AIDS and non-communicable diseases.

Furthermore, due to the nature of our working environment the Company has experienced mental health challenges to some of the employees. With that regard the company has conducted one program on mental health related issues in all sites to minimise the challenges.

2.15 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 19 to the financial statements.

2.16 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company upholds good Corporate Social Responsibility (CSR) practices. It identifies itself with the community within which it operates and cultivates harmonious relationships so as to acquire social licence to operate with all such communities. The Company CSR practices during the year ended 30 June 2025 covered areas of security and awareness education to society on proper management of National Natural Gas Infrastructure (NNGI) surrounding their communities. The company has been supplying clean water to Madimba and Songosongo villages. For the financial year ended June 2025 a total of 22.70 million litres (2024:18.24 million litres) of water equivalent to TZS 24.77 million (2024: TZS 20.17 million) was supplied.

2.17 AUDITORS

The Controller and Auditor General (CAG) is the statutory auditor of the Company by virtue of Article 143 of the Constitution of the United Republic of Tanzania of 1977 as amplified under Section 10(1) of the Public Audit Act, Cap. 418. However, in accordance with Section 33(1) of the same Act, PricewaterhouseCoopers and National Audit Office have jointly carried out the Audit of Gas Company (Tanzania) Limited for the year ended 30 June 2025.

2.18 RESPONSIBILITY OF THE AUDITOR

The Controller and Auditor General (CAG) has a statutory responsibility to report to the stakeholders as to whether, in his opinion, the financial statements of the Company present fairly the financial position, financial performance and cash flows for the year ended in accordance with IFRS Accounting Standards the Tanzania Financial Reporting Standard (TFRS 1) and in the manner required by the Companies Act, No 12 of 2002

2.19 RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The Members charged with governance accept responsibility for preparing these financial statements which show a true and fair view of the Company to the date of approval of the audited financial statements, in accordance with the applicable standards, rules, regulations and legal provisions. The Members also confirm compliance with the provisions of the requirements of TFRS 1 and all other statutory legislations relevant to the Company.

By order of the Governing Board of those charged with Governance

Mr. Julius B. Mukoji	**Eng. Baltazari T. Mrosso**
Governing Board Chairman	**General Manager**
Date 27/03/2026	Date: 27/03/2026

3.0 STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2025

Those Charged with Governance are responsible for the preparation of the Company financial statements that give a true and fair view of Gas Company (Tanzania) Limited. This includes statement of financial position as at 30 June 2025, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information, in accordance with IFRS Accounting Standards and as required by the Companies Act, 2002.

Those Charged with Governance are also responsible for such internal control as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

Those Charged with Governance have assessed the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern for at least the next twelve months from the date of this statement.

Approval of Financial Statements

This Statement was approved and authorized for issue by the Governing Board during its 10th Extra-Ordinary Meeting held on 4 December 2025 and signed on its behalf by:

Mr. Julius B. Mukoji **Governing Board Chairman**	**Eng. Baltazari T. Mrosso** **General Manager**
Date 27/03/2026	Date: 27/03/2026

4.0 DECLARATION OF HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2025

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. Cap 286 requires financial statements to be accompanied with a Statement of Declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing the true and fair view position of the entity in accordance with international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Directors as under the Statement of Responsibilities by those Charged with Governance on an earlier page.

I, **Joyce S. Urio,** Acting Manager of Finance and Administration of Gas Company (Tanzania) Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2025 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Signed by: ....

Position: Acting Manager of Finance and Administration

NBAA Membership No.: ACPA5460

Date: ...27/03/2026..........

5.0 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Note	June 2025 TZS 'm	June 2024 TZS 'm
Assets			
Non-current assets			
Property and equipment	5	4,786	2,589
Intangible Assets	6	795	63
		5,581	**2,652**
Current assets			
Inventories	7	21,026	17,964
Trade and other receivables	8	8,692	3,603
Corporate income tax asset	11	53	53
Cash and cash equivalents	9	1,306	4,522
		31,077	**26,142**
Total assets		**36,658**	**28,794**
Equity and Liabilities			
Equity			
Share capital	10	1,500	1,500
Accumulated losses		(4,190)	(6,108)
Total equity		(2,690)	**(4,608)**
Liabilities			
Current liabilities			
Trade and other payables	12	39,149	33,402
Corporate tax payable	11	199	
Total liabilities		**39,348**	**33,402**
Total equity and liabilities		**36,658**	**28,794**

The financial statements were approved by the Governing Board and signed on its behalf by;

Mr. Julius B. Mukoji

Governing Board Chairman

Date 27/03/2026

Eng. Baltazari T. Mrosso

General Manager

Date 27/03/2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

	Note	June 2025 TZS 'm	June 2024 TZS 'm
Revenue from contracts with customers	13	17,341	643
Cost of sales	14	(14,701)	(534)
Gross profit		2,640	109
Other income	15	45,967	44,395
Impairment provision	8	-	(1,336)
Operating expenses	16	(45,958)	(44,395)
Profit/(loss) before tax		2,649	(1,227)
Income tax expense	11	(730)	(98)
Total comprehensive profit/(loss) for the year		1,919	(1,325)

The financial statements were approved by the Governing Board and signed on its behalf by;

Mr. Julius B. Mukoji
Governing Board Chairman

Date 27/03/2026

Eng. Baltazari T. Mrosso
General Manager

Date 27/03/2026

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

	Share Capital TZS 'm	Accumulated losses TZS 'm	Total TZS 'm
Year ended 30 June 2025			
At start of year	1,500	(6,109)	(4,608)
Other comprehensive income			
Loss for the year	-	1,919	2,118
At end of year	**1,500**	**(4,190)**	**(2,490)**
Year ended 30 June 2024			
At start of year	1,500	(4,783)	(3,283)
Other comprehensive income			
Loss for the year	-	(1,325)	(1,325)
At end of year	**1,500**	**(6,109)**	**(4,608)**

The financial statements were approved by the Governing Board and signed on its behalf by;

Mr. Julius B. Mukoji
Governing Board Chairman
Date 27/03/2026

Eng. Baltazari T. Mrosso
General Manager
Date 27/03/2026

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Note	June 2025 TZS 'm	June 2024 TZS 'm
Cash flows from operating activities			
Cash received	17	58,219	43,330
Cash paid to Suppliers	18	(57,321)	(39,406)
Tax paid	11	(730)	(79)
Net cash flows generated from operating activities		**168**	**3,845**
Cash flows from investing activities			
Acquisition of property, equipment and intangible assets		(3,384)	(1,043)
Net cash flows used in investing activities		**(3,384)**	**(1,043)**
Net (decrease)/increase in cash and cash equivalents		(3,216)	2,802
Cash and cash equivalents at the beginning of the year		4,522	1,720
Cash and cash equivalents at the end of the year	9	**1,306**	**4,522**

The financial statements were approved by the Governing Board and signed on its behalf by;

Mr. Julius B. Mukoji
Governing Board Chairman

Date 27/03/2026

Eng. Baltazari T. Mrosso
General Manager

Date 27/03/2026

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1. GENERAL INFORMATION

Gas Company (Tanzania) Limited (Company) is domiciled in Dar es Salaam, Tanzania. The Company is primarily involved in the processing, transportation and distribution of gas as well as maintenance of gas infrastructures on behalf of the TPDC. The registered address of the office is:

Kinyerezi Gas Receiving Station
Plot No.1 Block D, Kibaga Street
P. O. Box 714, **Dar es salaam, Tanzania.**

2. GOING CONCERN

The Company made a profit of TZS 2,118 million for the year ended 30 June 2025 (June 2024: Loss of TZS 1,325 million). As at year end, its current liabilities were more than current assets by TZS 8,072 million (2024: TZS 7,260 million) and had accumulated losses amounting to TZS 3,990 million (2024: TZS 6,109 million).

The financial statements have been prepared on a going concern basis. The Government being the sole shareholder of Tanzania Petroleum Development Corporation will provide support to the Company as and when needed.

In view of the above, the Directors of the Company believe that the Company will continue to operate on a going concern basis. Accordingly, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

3. MATERIAL ACCOUNTING POLICIES

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

a. Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards and in the manner required by the Companies Act, 2002.

The measurement basis applied is the historical cost basis except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzanian Shillings (TZS 'm), rounded to the nearest million, except where otherwise indicated.

The preparation of financial statements is in conformity with IFRS Accounting Standard which requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

b. Foreign currency translations

Transactions in foreign currencies are translated to the functional currency (Tanzanian Shilling – (TZS) at the exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the Bank of Tanzania exchange rate prevailing as at that date. Foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period, and the amortised cost in the foreign currency translated at the exchange rate at the end of the period. Foreign currency differences relating to trading activities are recognised under operating expenses

c. Financial instruments by categories

	June 2025 TZS 'm	June 2024 TZS 'm
Financial assets		
Trade and other receivables (Note 8)	-	-
Cash and cash equivalents (Note 9)	1,306	4,522
Financial Liabilities		
Trade and other payables (Note 12)	39,348	33,402

(i) Recognition and measurement

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets - Subsequent measurement gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(ii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

a) Changes in accounting policy and disclosures

***i.* New standards, amendments and interpretations that are not yet effective and have not been adopted by the Company.**

Number	Effective date	Executive summary
Amendments to IAS 21: Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when it can be obtained (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027 (Published April 2024)	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.
IFRS 19 -Subsidiaries without public accountability	Annual periods beginning on or after 1 January 2027 (Published May 2024)	The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements. IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management has applied significant estimates and assumptions under the following areas:

i. <u>Income tax</u>

The Company are subject to income taxes to the Government. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Company recognize 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.

ii. <u>Property, plant and equipment</u>

The management makes critical estimates in determining depreciation rates for property, plant and equipment. The rates used are set out in Note 5.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost, less subsequent depreciation and impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of an asset retirement obligation, if any, and borrowing costs for qualifying assets. Property, plant and equipment also includes expenditure on major maintenance refits or repairs including the cost of replacement assets or parts of assets, inspection costs and overhaul costs.

Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalised. Inspection and overhaul costs, associated with regularly scheduled major maintenance programs planned and carried out at recurring intervals exceeding one year, are capitalised and amortised over the period to the next scheduled inspection and overhaul.

All other maintenance costs are expensed as incurred. All other repair and maintenance costs are recognized in profit or loss as and when incurred.

The estimated useful lives and residual values of property, plant and equipment are reviewed on an annual basis, and changes are accounted for prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included within other income in the period the item is derecognised.

Valuation

Valuations of property, plant and equipment prior to Government Asset Management Guidelines 2019 and circular no.2 of FY 2021/22 on Government Asset Management Information System were performed with sufficient regularity (5 years) to ensure that the carrying amounts do not differ materially from that which would be determined using fair value at the end of the reporting period. During the Financial year 2023/24, Valuation of Property, plant and equipment are in accordance with Government Asset Management guidelines 2019 and circular no.2 of FY 2021/22 on Government Asset Management Information System. The estimated useful lives and residual values of property, plant, and equipment are reviewed at the end of the reporting period.

Depreciation

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. However, following the change in the useful life of assets, the adjustment was applied prospectively in accordance with the Public Finance Regulations, 2024. In implementing this change, depreciation was calculated on the Net Book Value (NBV) of the assets over their revised remaining useful lives, rather than on the original cost or revalued amounts. This approach aligns with the accounting treatment for changes in accounting estimates, which requires prospective application—depreciating the asset's carrying amount at the date of change over its revised useful life without restating prior periods or adjusting previously recorded depreciation:

Asset class	Rate per annum 2024/25	Rate per annum 2023/24
Furniture, fittings and equipment	10%	10%
Motor vehicles	10%	12.5%
Computer hardware	12.5%	25%
Intangible assets	10%	25%

Useful lives and residual values are assessed for reasonableness at the end of each reporting period and adjusted where appropriate

	Furniture, fittings and equipment TZS 'm	Computer Hardware TZS 'm	Motor vehicles TZS 'm	Total TZS 'm
Year ended 30 June, 2025				
Opening net book amount	1,292	388	909	2,589
Additions	1,997	43	603	2,643
Disposals	(1)	(8)	-	(9)
Depreciation charge	(252)	(61)	(123)	(436)
Closing net book amount	**3,036**	**362**	**1,389**	**4,787**
At 30 June, 2025				
Cost	3,627	849	1,723	6,199
Accumulated depreciation	(591)	(487)	(334)	(1,412)
Net book amount	**3,036**	**362**	**1,389**	**4,787**
Year ended 30 June, 2024				
Opening net book amount	1,169	371	403	1,943
Additions	269	185	586	1,040
Disposals	-	-	-	-
Depreciation charge	(146)	(168)	(80)	(394)
Closing net book amount	**1,292**	**388**	**909**	**2,589**
At 30 June, 2024				
Cost	1,631	834	1,121	3,586
Accumulated depreciation	(339)	(446)	(212)	(997)
Net book amount	**1,292**	**388**	**909**	**2,589**

6. INTANGIBLE ASSETS

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The amortization period and the amortization method for intangible assets are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

During the year amortization of intangible assets has been calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

However, following the change in the useful life of assets, the adjustment was applied prospectively in accordance with the Public Finance Regulations, 2024. In implementing this change, amortisation was calculated on the Net Book Value (NBV) of the assets over their revised remaining useful lives, rather than on the original cost or revalued amounts.

The amortisation for computer software has a significant variation compared to the preceding year because of the change in accounting estimate from 4 years to 10 years.

As at year end, the movement of intangible assets was as follows.

	Computer Software	Total
	TZS 'm	TZS 'm
As at 30 June 2025		
Opening net book value	63	63
Additions	748	748
Amortisation	(16)	(16)
Closing balance	**795**	**795**
At 30 June, 2025		
Cost	1,105	1,105
Accumulated amortisation	(310)	(310)
Closing balance	**795**	**795**
As at 30 June 2024		
Opening net book value	149	149
Additions	3	3
Amortisation	(89)	(89)
Closing balance	**63**	**63**
As at 30 June 2024		
Cost	357	357
Accumulated amortisation	(294)	(294)
Closing balance	**63**	**63**

7. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined by weighted average cost method and comprises direct purchase costs and transportation costs. If detected, any obsolete items are provided for in full in the year they are detected.

	June 2025 TZS 'm	June 2024 TZS 'm
Spare parts	20,942	17,866
Stationery	84	98
	21,026	17,964

8. TRADE AND OTHER RECEIVABLES

Financial assets:		
Trade receivables	910	177
Staff receivable	300	31
Due from a related party (Note 19)	3,184	181
	4,394	389
Non-financial assets (other receivable):		
Unpaid share Capital (Note 10)	1,500	1,500
Prepaid expenses incurred for Construction	512	-
Prepayments**	824	1,714
VAT receivable	7,555	6,093
Impairment provision for VAT receivable*	(6,093)	(6,093)
	4,298	3,214
	8,692	3,603

* Impairment provision for VAT receivable relates to the recoverability of input VAT recognised from 2019. Management is in current discussions on its recoverability with revenue authority. The recoverability of VAT receivable is uncertain due to the operation modality between TPDC and the Company.

**Prepayments comprise of all those purchases which requires advance payments. The variance in prepayments comprises of LC's drawn in respect of various suppliers of O&M spares and equipment's whose consignment are yet to be received as at the year end.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and cash at bank. For the purposes of Statement of Cash flows, cash is comprised of cash on hand and cash at banks. However, In June 2025, a foreign exchange loss of TZS 477,958.97 was recorded due to the difference between the Bank of Tanzania (BOT) official exchange rate and the system-computed rate at month-end. The USD amount of 3,470.65 was valued at a rate of TZS 2,618.3235 per USD using the BOT rate, totalling TZS 9,087,284.46. However, the system applied a higher rate of TZS 2,756.0380 per USD, resulting in a revalued amount of TZS 9,565,243.42. The difference between these two valuations led to a recognized unrealized foreign exchange loss.

	June 2025 TZS 'm	June 2024 TZS 'm
NMB Bank	41	3,344
NMB Bank (USD)	9	23
CRDB Bank	1,256	1,155
Cash on hand	-	-
	1,306	4,522

10. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12 Income Taxes. The Company was incorporated as a limited liability Entity with TPDC being subscriber of all shares.

Authorised and issued:	TZS 'm	TZS 'm
Unpaid 1,500 ordinary shares of TZS 1,000,000 each	1,500	1,500
	1,500	1,500

11. TAXATION

Income tax expense comprises current tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

Deferred tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The current rate of corporate tax is 30%.

Income Tax expense

	June 2025 TZS 'm	June 2024 TZS 'm
Current income tax	730	98
Deferred income tax - Current period		-
Release of Deferred income tax – Prior period	-	-
	730	98

The tax on the Company's result before tax differs from the amount that would arise using the basic tax rate as follows:

	June 2025 TZS 'm	June 2024 TZS 'm
Profit before tax	2,649	(1,227)
Tax calculated at a tax rate of 30% (2024: 30%)	795	(368)
Expenditure permanently disallowed	81	117
Potential deferred tax liability/asset not recognised	(146)	349
Release of prior year deferred tax liability	-	-
Income tax expense	730	98

Current income tax asset

The movement of current income tax balances is explained in the table below:

	June 2025 TZS 'm	June 2024 TZS 'm
At 1st July	53	72
Charge during the year	(730)	(98)
Payment during the year	531	79
At 30 June	(146)	53

Deferred tax balance

Deferred tax is calculated using the enacted income tax rate of 30% (2023:30%). The deferred income tax asset has not been recognised since it is uncertain that the Company will generate sufficient taxable profit in the foreseeable future against which the asset can be utilised. The movement in the deferred tax account is as follows:

	June 2025 TZS 'm	June 2024 TZS 'm
At 1st July	(1,721)	(1,372)
Potential credit during the year not recognised	146	(349)
Prior year under provision	-	-
Potential deferred tax asset not recognised	(1,575)	(1,721)

The Company deferred tax asset has not been recognised following management assessment on likelihood of generating future profits.

The potential deferred income tax is attributable to the following items:

	As start of year TZS'm	Potential Credit to statement of profit or loss TZS'm (variation)	Prior year (Credit)/ Charge to statement of profit or loss TZS'm	At end of year TZS'm
Year ended 30 June 2025				
Accelerated Capital deductions	75	147	-	222
Other timing differences	(1,796)	(1)	-	(1,797)
Net deferred income tax	(1,721)	146	-	(1,575)

12. TRADE AND OTHER PAYABLES

	June 2025 TZS 'm	June 2024 TZS 'm
Due to related parties (Note 19)	35,837	31,544
Contract liability	15	
Trade payables	3,496	1,858
	39,348	33,402

**Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Payables are mainly attributed to Payable from related parties and other trade payable. Due from related parties make up a total of TZS 35,837 million and Trade payable a total of TZS 3,496 million.

Contract liability comprises of all those works which were undertaken over and above the agreed project milestone but remained unsettled as at the year end.

The change in Related party payables has been contributed by increase in total assets (related party transactions) which is yet to be retired basing on operation modality with the mother Company. In addition, the variance in other trade payables is due to increase in procurements at the year-end compared to previous year.

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenues associated with construction activities and Operation and Maintenance activities. Revenue generated from construction activities is recognised at percentage of completion (when performance obligations are satisfied) and is recognised over time and the certificate of milestone issued by the customer. Revenue from Operation and Maintenance activities is recognised over time as the services are rendered, based on actual work performed and customer acceptance reports or service level agreements. Furthermore, recognition criteria are in line with IFRS 15 and payment terms are based on the signed contracts.

	June 2025 TZS 'm	June 2024 TZS 'm
Construction Revenue	3,072	643
Operation and Maintenance Revenue	14,269	-
Total Revenue**	**17,341**	**643**

**The increase in revenue during the year is due to successful bids on earmarked construction projects and commencement in implementation of Operation and maintenance contract.

14. COST OF SALES

Cost of sales represents direct expenses incurred in the construction activities and Operation and Maintenance activities.

	June 2025 TZS 'm	June 2024 TZS 'm
Construction projects	1,365	444
Operation and Maintenance	13,336	90
Total Costs of Sales	**14,701**	**534**

15. OTHER INCOME

Other Income section of the Company's financial statement comprise of funds received from TPDC for operation and maintenance of Natural Gas infrastructures prior to signing of the O&M agreement with TPDC.

Prior to the agreement, the actual expenses incurred by GASCO in maintenance of the NNGI are refunded by TPDC on a monthly basis at no consideration. However, under O&M contract implementation, costs incurred that have no association with transactions between GASCO and TPDC are not reimbursed rather they are charged to GASCO's profit.

	June 2025 TZS 'm	June 2024 TZS 'm
Funds from TPDC for operation and maintenance of NNGI	45,936	44,395
Other Income	31	-
	45,967	44,395

16. OPERATING EXPENSES

	June 2025 TZS 'm	June 2024 TZS 'm
Staff costs*	18,927	17,887
Amortization of intangible assets (Note 6)	16	89
Bank charges and commission	18	31
Consumables and others	942	796
Corporate social responsibility	1	98
Depreciation of PPE (Note 5)	437	394
Directors' fee**	56	52
Facilitation expenses	-	217
Foreign exchange loss /(gain) ***	1	(9)
Other expense	16	30
Insurance****	42	20
Outsourced goods & services	16,417	11,046
Repair & Maintenance	326	3,984
Personal Emoluments costs****	6,845	6,176
Transport & travel expenses	892	1,281
Statutory compliance	1	293
Training expenses	1,021	2,010
Donations	-	-
	45,958	44,395

*Staff cost is made up of salaries and wages, staff allowances, overtime costs and other staff entitlements which increased materially during the year due to NNGI pigging and other operational maintenance made during the year.

**Directors fee are all fees payable to Governing Board members during the period as per Board Charter. The variance is due to payment of fees to co-opted members.

***Foreign exchange (gain)/loss are losses or gain obtained from the foreign currency transaction during the period. The variance is due to -decrease in foreign currency use in facilitating company transactions.

****Insurance includes insurance covers for company's motor vehicles and motor cycles. The variance is due to procurement of new motor vehicle during the period.

****Personal Emoluments (PE) costs is made up of Company's staff basic salaries which are paid by TPDC, but provision is made in Company's expenses. The variance has been attributed by increase in number of staff and staff promotions.

	June 2025 TZS 'm	June 2024 TZS 'm
PE costs	6,845	6,176
Total	6,845	6,176

17. CASH RECEIVED

	June 2025 TZS 'm	June 2024 TZS 'm
Net movement of trade and other receivables	(5,089)	(1,708)
Sales during the year	17,341	643
Funds from TPDC & other income	45,967	44,395
Cash received	58,219	43,330

18. CASH PAID

	June 2025 TZS 'm	June 2024 TZS 'm
Net movement of trade and other payable	(5,945)	(7,676)
Cost of sales for the year	14,701	534
Operating Expenses net of Depreciation and Amortisation	45,504	43,912
Net movement of inventories balance	3,061	2,636
	57,321	39,406

19. RELATED PARTY TRANSACTIONS AND BALANCES

The Company is wholly owned by Tanzania Petroleum Development Corporation ("TPDC) which is wholly owned by the Government of United Republic of Tanzania through the Treasury Registrar. Therefore, the Government of United Republic of Tanzania is the ultimate holding entity and a related party in the books of GASCO.

Related parties also comprise of key management personnel of GASCO who the Governing Board Directors are, General Manager, Heads of Department and Units. The related party transaction has been shown in the table below:

	June 2025 TZS 'm	June 2024 TZS 'm
(i) Due from related parties		
Unpaid up shares from parent - TPDC	1,500	1,500
Trade Receivables due from TPDC	3,184	181
	4,684	1,681
(ii) Due to related parties		
Intercompany payables - TPDC**	35,766	31,470
Payable relating to unsold inventory - TPDC	71	74
	35,837	31,544
(iii) Sales to related parties		
Sales to TPDC	32,657	181
***Intercompany balance movement**		
Opening balance	31,544	24,524
Cash received from TPDC	43,387	45,286
Expenditure during the year	(39,091)	(38,221)
Inventory balance adjustment	(3)	(45)
	35,837	31,544

** Intercompany payables represent an amount that has not yet been retired from the O&M funds released by TPDC during the year of income. This includes Prepayments, VAT receivables, staff receivables, cash and cash equivalent and inventories which form part of the O&M fund disbursement for the year.

Directors and key Management personnel remuneration

The Governing Board takes overall responsibility for the Company while key management personnel of the Company are those responsible with day-to-day management of the Company affairs by facilitating operational activities of various units in the Company.

	Salary and post-retirement benefits		Directors Fees		Social security benefits	
	2025 TZS 'm	2024 TZS 'm	2025 TZS 'm	2024 TZS 'm	2025 TZS 'm	2024 TZS 'm
Key Management	862	862			74	78
Director	-	-	79	41	-	-
	862	862	79	41	74	78

20. COMMITMENTS

As at 30 June 2025 the company had a total commitment of TZS 24 billion to implement various operation and maintenance activities.

21. CONTINGENCIES - ASSETS AND LIABILITIES

As at 30 June 2025, the Company has been undergoing a tax audit by the relevant authorities relating to the financial year 2018 to 2023. As of the reporting date, the audit remains in progress and no final assessment has been issued. The outcome of the audit is uncertain, and it is not possible at this stage to reliably estimate the amount or likelihood of any potential tax liability. Accordingly, no provision has been recognized in the financial statements. The Company continues to cooperate fully with the tax authorities and will assess the need for any accounting adjustments as new information becomes available, the Company had nil contingent liabilities in the year 2024.

22. SUBSEQUENT EVENTS

At the date of signing the financial statements, the Directors are not aware of any matter or circumstances arising since the date of the end of the reporting period, not otherwise dealt in these financial statements, which significantly affected the financial statement of the Company.

23. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk, credit risk and liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's profit or loss. The management carries out risk management on behalf of the Governing Board.

a) Market risk.

(i) *Foreign currency exchange risk*

The Company earns income and incurs some of its expenses in United States dollars. Foreign exchange risk arises from commercial transactions, and recognised assets and liabilities.

At 30 June 2025, if the functional currency had strengthened/weakened by 5% against the US dollar with all other variables held constant, post-tax loss for the year would have been; TZS 2 million (2024: 1 million) lower/higher, mainly as a result of translation of US dollar denominated current assets and borrowings.

(ii) *Price risk*

The Company is exposed to price risk because most of its natural gas infrastructures spare parts and tools are purchased from foreign manufacturers whose product prices are not readily available in the market and therefore subjected to fluctuations.

(iii) *Interest rate risk*

The interest rate risk is associated with long-term borrowings. For the financial year 2024/25 the company is not exposed to interest rate risk, as there were no borrowings during this period.

b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Credit Risk Exposure:

The amount that represents the Company's exposure to credit risk as at 30 June 2025 is made up as follows:

	June 2025 TZS 'm	**June 2024** TZS 'm
Cash at bank (Note 9)	1,306	4,522
Trade receivables (Note 8)	910	177
Trade receivables due from related party (Note 19)	3,184	181
Staff receivables	300	31
	5,700	4,911

Risk Management:

The Company has policies in place to ensure that the exposure to credit risk is monitored on an ongoing basis. 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 adherence to risk limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Impairment of financial assets:

The Company's financial assets are measured at amortised cost and are subject to credit loss model. The Company has two types of financial assets that are subject to IFRS 9 impairment requirements (expected credit losses):

- Trade and other receivables (excluding prepayments, deposits and statutory receivables); and
- Cash at bank.

Trade and other receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the customer to meet the agreed payable period as per contract and necessary effort of recovery has shown no indication of success due to severe financial difficulties faced by the customer. This assessment is performed on a case-by-case basis.

Aging / Details	**Outstanding balance TZS 'm**	**Loss allowance rate**	**Loss allowance TZS 'm**
Current	-	-	-
From 1 to 30 days	-	-	-
From 31 to 90 days	-	-	-
From 91 to 180 days	-	-	-
From 180 days	-	-	-
Default category	-	-	-
Specific customers*	6,093	100%	6,093
Total	**6,093**		**6,093**

*Specific customers relate to Provision for doubtful debt on VAT receivable.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. There was no impairment loss on trade receivables during the year (2024: Nil).

Bank balances

There is no independent credit rating for banks operating in Tanzania. However, the Company banks with reputable local banks. In the view of management, risk of non-performance by the counterparties is highly unlikely and not significant. The balance held at bank by type of counterparty as at 30 June 2025 were as follows;

	June 2025 TZS 'm	June 2024 TZS 'm
NMB Bank (TZS)	41	3,344
NMB Bank (USD)	9	23
CRDB Bank	1,256	1,155
	1,306	4,522

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and Corporation's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through active cash flow monitoring. The table below analyses the Company's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Carrying amount TZS 'm	Contractual cash flows TZS 'm	Up to and less than 1 year TZS 'm	Over 1 year TZS 'm
Non-derivative financial liabilities				
At 30 June 2025				
Trade and other payables	39,295	39,295	39,295	-
At 30 June 2024				
Trade and other payables	33,402	33,402	33,402	-

Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital consistent with others in the industry.

Gearing ratio is calculated as net external borrowings divided by total capital. Net external borrowings are calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net external borrowings. The gearing ratios at 30 June 2025 and 30 June 2024 were as follows:

	2024/25 TZS 'm	2023/24 TZS 'm
Total borrowings	-	-
Less: cash and cash equivalents	1,306	4,522
Net debt	(1,306)	(4,522)
Total equity	(2,690)	(4,609)
Total capital	(3,996)	(9,131)
Gearing ratio*	(33%)	(50%)

* The gearing ratio above suggest that the Company is at risk. However, we believe this risk poses no significant threat to the Company, as the total equity has been affected by the provision of VAT receivable.

24. PARENT AND ULTIMATE PATENT COMPANY

The Parent Company of Gas Company (Tanzania) Limited is Tanzania Petroleum Development Corporation, and the ultimate shareholder is the Government of the United Republic of Tanzania.