

AUDIT REPORT ON THE FINANCIAL STATEMENTS

To: Chairman,
Board of Directors,
Tanzania Geothermal Development Company Limited,
P.O. Box 14801,
DAR ES SALAAM.

RE: REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF TANZANIA GEOTHERMAL DEVELOPMENT COMPANY LIMITED FOR THE 18-MONTH PERIOD ENDED 30 JUNE 2015

Introduction

I have audited the accompanying financial statements of Tanzania Geothermal Development Company Limited which comprise the statement of financial position as at 30 June 2015, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the 18-month period then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 10 to 24.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Tanzanian Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Responsibilities of the Controller and Auditor General

My responsibility as auditor is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing (ISA) and such other audit procedures I considered necessary in the circumstances. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In addition, Sect. 10 (2) of the PAA No. 11 of 2008 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards and that reasonable precautions have been taken to safeguard the collection of revenue, receipt,

custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed and expenditures of public monies have been properly authorized.

Further, Sect 48(3) of the Public Procurement Act No.7 of 2011 and Reg No. 31 of the Public Procurement (Goods, Works, Non-consultant services and Disposal of Public Assets by Tender) Regulations of 2005 requires me to state in my annual audit report whether or not the auditee has complied with the provisions of the Law and its Regulations.

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

Unqualified Opinion

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2015, and its financial performance and its cash flows for the 18-month period then ended in accordance with International Financial Reporting Standards, and have been properly prepared in accordance with Tanzania Companies Act, 2002.

Report on other Legal and Regulatory Requirements

1. Compliance with the Companies Act, 2002

As required by the Tanzanian Companies Act, 2002, I am also required to report to you if, in my opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if I have not received all the information and explanations I require for the audit, or if information specified by law regarding directors' remuneration and transactions with the Company was disclosed. There is no matter to report in respect of the foregoing requirements.

2. Compliance with Public Procurement Acts, 2004 and 2011

In view of my responsibility on the procurement legislation, and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that Tanzania Geothermal Development Company has fairly complied with the requirements of the Public Procurement Act No. 21 of 2004 and No. 7 of 2011 and their related Regulations of 2005 and 2013 respectively.


Prof. Mussa Juma Assad
CONTROLLER AND AUDITOR GENERAL

National Audit Office,
Dar es Salaam.

31st October, 2016



TANZANIA GEOTHERMAL DEVELOPMENT COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2015

	Note	<u>June 2015</u> Shs '000
Other income	12	16,082
Operating expenses	7	<u>(1,413,670)</u>
Loss before tax		(1,397,588)
Tax	8	<u>-</u>
Loss for the period		<u>(1,397,588)</u>
Other comprehensive income		-
Total comprehensive loss for the period		<u>(1,397,588)</u>

The notes and related statements on pages 14 to 24 are an integral part of these financial statements.

TANZANIA GEOTHERMAL DEVELOPMENT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	June 2015 Shs '000
Non-current assets		
Property and equipment	9	281,252
Current assets		
Bank balances	10	1,533
Total assets		282,785
Capital and reserves		
Share capital	11	1,000,000
Accumulated losses		(1,397,588)
Total equity		(397,588)
Non-current liabilities		
Grants	12	112,578
Current liabilities		
Amounts due to related party	14	567,795
Total liabilities		680,373
Total equity and liabilities		282,785

The financial statements on pages 14 to 24 were approved by the board of directors and signed on its behalf by: -

Chairman:



Date

03/10/2016

Director:



Date

03/10/2016

TANZANIA GEOTHERMAL DEVELOPMENT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2015

	<u>Share capital</u> Shs '000	<u>Accumulated losses</u> Shs '000	<u>Total</u> Shs '000
Period ended 30 June 2015			
balance at 31 December 2013			
Loss for the period	-	(1,397,588)	(1,397,588)
Other comprehensive income:	-	-	-
Transactions with owners:			
Share capital	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
At end of period	<u>1,000,000</u>	<u>(1,397,588)</u>	<u>(397,588)</u>

The notes and related statements on pages 14 to 24 are an integral part of these financial statements.

TANZANIA GEOTHERMAL DEVELOPMENT COMPANY LIMITED

**STATEMENT OF CASHFLOWS
AS AT 30 JUNE 2015**

	Note	Jun-15 Shs '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjusted cash loss	13	(1,376,192)
Changes in related party payable	14	<u>567,795</u>
Net cash used from operating activities		(808,397)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share	11	<u>809,930</u>
Net cash generated from financing activities		<u>809,930</u>
Net increase in cash and cash equivalents during the period		1,533
Cash and cash equivalents at beginning of the period		<u>-</u>
Cash and cash equivalents at end of the period	10	<u><u>1,533</u></u>

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