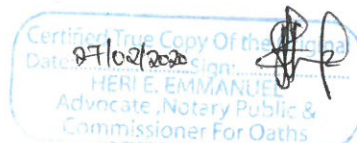


ALLIED MINING SERVICES LIMITED

**Annual report and financial statements
for the year ended 31 December 2018**

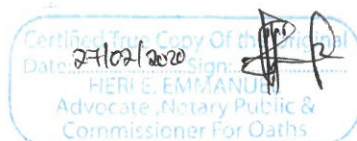
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ALLIED MINING SERVICES LIMITED

Company Information for the year ended 31 December 2018

Directors	Mr. Ashish S. Pattni - British Ms. Bindiya A. Pattni - British
Registered office	Plot No. 108 Nyakato Industrial Area. Mwanza P.O. Box 2260 Mwanza
Company secretary	Mr. Ashish S. Pattni P.O. Box 2260 Mwanza
Auditors	Demus Associates Certified Public Accountants in Public Practice & Tax Advisors P.O. Box 12665 Dar es Salaam
Bankers	National Bank of Commerce Head Office, Branch P. O. Box 1863 Dar es salaam Standard Chartered Bank (T) Limited Mwanza Branch P. O. Box 1313 Mwanza



ALLIED MINING SERVICES LIMITED

Directors' Report for the year ended 31 December 2018

1. The directors present their report and the financial statements for the year ended 31 December 2018.

2. Incorporation

The company is incorporated in Tanzania under the The Companies Act, 2002 on 12 of April 2006 under the Certificate of Incorporation No. 56208.

3. Principal activities

The principal activity of the company is selling of spare parts.

4. Directors' interests

The directors' interest in the share capital of the company is as follows:

	Ordinary shares of TZS. 100,000 each			
	<u>2018</u>		<u>2017</u>	
	No. of shares	Nominal value TZS.	No. of shares	Nominal value TZS.
Ashish S. Pattni	4,504	450,400	4,504	450,400
Bindiya A. Pattni	496	49,600	496	49,600
	<u>5,000</u>	<u>500,000</u>	<u>5,000</u>	<u>500,000</u>

5. Results for the year

The performance of the company during the year is set out on page 6 of these financial statements.

6. Auditors

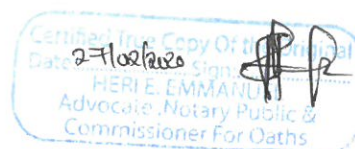
The auditors, Demus Associates have indicated their willingness to continue in office and are eligible for re-appointment.

By Order of the Board



Ashish S. Pattni
Director

Date: 20/06/2019



ALLIED MINING SERVICES LIMITED

Statement of Directors' Responsibilities for the year ended 31 December 2018

The Companies Act 2002 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results for that year. It also requires the directors to ensure that the company maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2018 and of its operating results for the year then ended. The directors further accept responsibility for the maintenance of accounting records which maybe relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

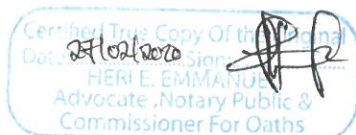
Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.



Ashish S. Pattni
Director

Bindiya A. Pattni
Director

Date: 20/06/2019



Demus Associates

Certified Public Accountants in Public Practice
P. O. Box 12665
Dar es Salaam

Independent Auditors' Report to the members of ALLIED MINING SERVICES LIMITED for the year ended 31 December 2018

We have audited the financial statements set out on pages 5 to 14 for the period ended 31 December 2018 and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Respective responsibilities of the directors and auditors

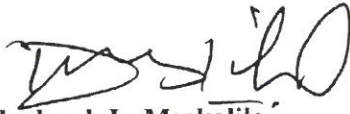
The company's directors are responsible for the preparation of the financial statements. It is our responsibility as auditors to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2018, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 2002.

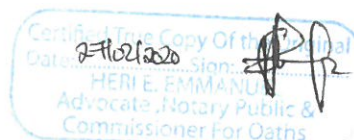

Shadrack L. Msekalile

Demus Associates
Certified Public Accountants in Public Practice



Dar es Salaam

Date: 20/06/2019

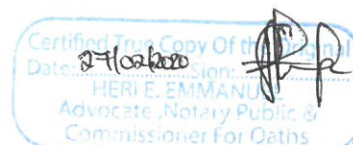


ALLIED MINING SERVICES LIMITED

Statement of Comprehensive Income for the year ended 31 December 2018

	Notes	2018 TZS	2017 Re stated TZS
Sales		7,195,561,198	5,103,788,700
Cost	2	<u>(6,295,738,766)</u>	<u>(4,215,041,784)</u>
Gross profit		899,822,432	888,746,916
Administrative expenses		(526,008,330)	(530,174,797)
Depreciation		<u>(123,288,654)</u>	<u>(110,340,343)</u>
Operating profit	3	250,525,448	248,231,776
Finance cost	4	(74,565,548)	(62,312,599)
Gain on exchange		<u>23,755,641</u>	<u>20,479,423</u>
Profit before tax		199,715,541	206,398,599
Income tax expense	5	<u>(60,117,162)</u>	<u>(65,300,023)</u>
Profit for the year		<u><u>139,598,379</u></u>	<u><u>141,098,577</u></u>

The accounting policies and notes on pages 9 to 14 form part of these financial statements.
Auditors' Report on page 4




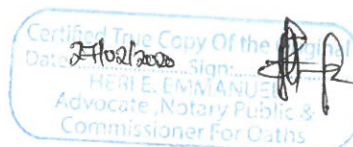
ALLIED MINING SERVICES LIMITED

Statement of Financial Position as at 31 December 2018

	Notes	2018 TZS	2017 TZS
ASSETS			
Non-current assets			
Property, plant and equipments	6	<u>1,056,610,368</u>	<u>1,179,899,022</u>
Current assets			
Inventories		3,447,756,483	5,354,515,172
Trade and other receivables	7	3,137,131,954	2,685,123,848
Cash and bank balance	8	<u>90,378,711</u>	<u>11,051,414</u>
Total current assets		<u>6,675,267,149</u>	<u>8,050,690,434</u>
Total assets		<u>7,731,877,517</u>	<u>9,230,589,456</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	500,000,000	500,000,000
Retained earnings		758,181,128	615,934,251
Shareholders account		<u>25,000</u>	<u>25,000</u>
		<u>1,258,206,128</u>	<u>1,115,959,251</u>
Non - current liabilities			
Deferred tax	10	<u>66,452,557</u>	<u>71,039,797</u>
Current liabilities			
Trade and other payables	11	5,573,873,844	7,383,710,551
Bank overdraft		831,289,086	656,239,115
Taxation	12	<u>2,055,904</u>	<u>3,640,743</u>
		<u>6,407,218,833</u>	<u>8,043,590,409</u>
Total liabilities		<u>6,473,671,389</u>	<u>8,114,630,206</u>
Total equity and liabilities		<u>7,731,877,517</u>	<u>9,230,589,456</u>

The financial statements were approved by the board of directors on
20th June 2019


Ashish S. Pattni
Director



Bindiya A. Pattni
Director

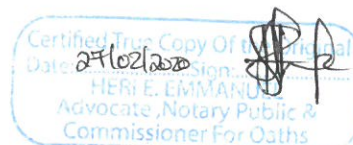
The accounting policies and notes on pages 9 to 14 form part of these financial statements.
Auditors' Report on page 4

ALLIED MINING SERVICES LIMITED

**Statement of Changes in Equity
for the year ended 31 December 2018**

	Share capital TZS	Retained earnings TZS	Shareholders account TZS	Total TZS
Balance at 1 January 2017	500,000,000	731,883,103	25,000	1,231,908,103
Prior year deferred tax adjustment	-	(69,380,517)	-	(69,380,517)
Prior year tax adjustment	-	(166,688,113)	-	(166,688,113)
Prior year VAT paid	-	(12,796,767)	-	(12,796,767)
Prior year withholding tax on rent	-	(1,301,009)	-	(1,301,009)
Prior year withholding tax on services	-	(1,851,856)	-	(1,851,856)
Prior year interest and penalties	-	(4,213,463)	-	(4,213,463)
Prior year stamp duty paid	-	(815,704)	-	(815,704)
Profit for the year	-	141,098,577	-	141,098,577
Balance at 31 December 2017	500,000,000	615,934,251	25,000	1,115,959,251
Balance at 1 January 2018	500,000,000	615,934,251	25,000	1,115,959,251
Prior year deferred tax adjustment	-	2,648,499	-	2,648,499
Profit for the year	-	139,598,379	-	139,598,379
Balance at 31 December 2018	500,000,000	758,181,128	25,000	1,258,206,128

The accounting policies and notes on pages 9 to 14 form part of these financial statements.
Auditors' Report on page 4



ALLIED MINING SERVICES LIMITED

**Statement of Cash Flow
for the year ended 31 December 2018**

	Note	2018 TZS	2017 TZS
Operating activities			
Cash generated from operation	13	(32,081,928)	96,254,894
Provisional tax paid		(60,000,000)	(60,000,000)
Prior year Corporation tax paid		(3,640,743)	(50,193,829)
Prior Withholding tax paid		-	(3,152,865)
Prior year VAT paid		-	(12,796,767)
Prior year interest and penalties		-	(4,213,463)
Prior stamp duty paid		-	(815,704)
Net cash decrease in operation		(95,722,671)	(34,917,734)
Investment activities			
		-	-
Financing activities			
Increase/ (decrease) in borrowings		175,049,971	22,152,562
Increase / (decrease) in financing activities		175,049,971	22,152,562
Net decrease in cash and bank balance		79,327,298	(12,765,172)
Cash and bank balance at the beginning of the year		11,051,414	23,816,587
Cash and bank balance at the end of the year	8	90,378,711	11,051,414

The accounting policies and notes on pages 9 to 14 form part of these financial statements.
Auditors' Report on page 4

Certified
Date: 27/01/2020
HERIE EMMANUEL
Advocate, Notary Public &
Commissioner For Oaths

Notes to the Financial Statements
for the year ended 31 December 2018

1 Principal accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

These financial statement have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention.

(b) Translation of foreign currency

Transactions in foreign currencies during the year are converted into Tanzanian Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Tanzanian Shillings at rates ruling at that date. The resulting differences from conversion of and translation are dealt within the income statement in the year to which they relate.

(c) Plant and equipments

All items of plant and equipments are initially recorded at cost. Cost comprises of expenditure that is directly attributable to the acquisition of items. Subsequently costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefit associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period to which they are incurred.

Plant and equipments are stated at historical cost less accumulated depreciation and accumulated impairment loss.

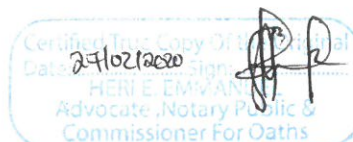
Depreciation is provided on the reducing balance method to write off the cost of each fixed asset to its residual value over its estimated useful life.

Applicable depreciation rates are as follows:

Building	5.0%
Vehicle	25.0%
Computers	37.5%
Furniture and fittings	12.5%

Depreciation is charged from the date when the asset is available for use and ceases to be depreciated at the earlier of the date when the asset is classified as held for sale and the date that

Auditors' Report on page 4



**Notes to the Financial Statements
for the year ended 31 December 2018**

(d) Impairment of assets

At each balance sheet date, the company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the income statement whenever the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use. There is no impairment of the assets during the year.

(e) Inventories

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

(f) Deferred income taxes

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

(g) Employee's benefit

The company contributes to the statutory National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The company's contributions are charged to the income statement in the year to which they relate.

(h) Revenue recognition

Sales

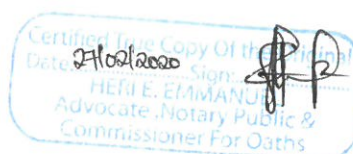
Sales are recognised upon delivery of products and customer acceptance or performance of services, net of VAT and discounts.

Expenditure

Expenses are recognised in the income statements in the year in which they are incurred.

(i) Comparatives

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

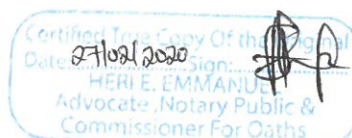


ALLIED MINING SERVICES LIMITED

Notes to the Financial Statements for the year ended 31 December 2018

	2018	2017
	TZS	Re stated TZS
2. Cost		
Inventory at 1 January	5,354,515,172	6,165,782,604
Purchases	4,033,351,661	3,206,504,290
Direct cost	355,628,416	197,270,062
	<u>9,743,495,249</u>	<u>9,569,556,956</u>
Less: Inventory at 31 December	<u>(3,447,756,483)</u>	<u>(5,354,515,172)</u>
	<u>6,295,738,766</u>	<u>4,215,041,784</u>
3. Operating profit		
The following items have been charged in arriving at operating profit:		
Depreciation on plant and equipment	123,288,654	110,340,343
Auditors' fees	3,500,000	3,500,000
Director's remuneration	48,000,000	110,000,000
4. Finance cost		
Interest	<u>74,565,548</u>	<u>62,312,599</u>
5. Income tax expense		
Current tax at 30%	62,055,904	63,640,742
Deferred tax (Note 10)	<u>(1,938,741)</u>	<u>1,659,281</u>
	<u>60,117,162</u>	<u>65,300,023</u>

Auditors' Report on page 4



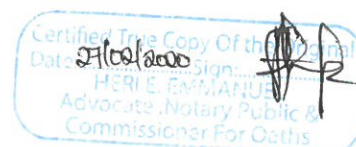
ALLIED MINING SERVICES LIMITED

Notes to the Financial Statements
for the year ended 31 December 2018

6. Property, plant and equipments

	Land and buildings TZS	Motor Vehicles Light duty TZS	Computers TZS	Furniture and fittings TZS	Total TZS
Cost					
At the start of the year	1,106,022,060	707,502,172	16,163,105	436,414,441	2,266,101,778
At the end of the year	1,106,022,060	707,502,172	16,163,105	436,414,441	2,266,101,778
Depreciation					
At the start of the year	409,944,188	476,067,251	15,852,115	184,339,202	1,086,202,756
Charge for the year	33,803,894	57,858,733	116,621	31,509,406	123,288,654
At end of the year	443,748,082	533,925,984	15,968,736	215,848,608	1,209,491,410
Net book value					
As at 31 December 2018	662,273,978	173,576,188	194,369	220,565,833	1,056,610,368
As at 31 December 2017	696,077,872	231,434,921	310,990	252,075,239	1,179,899,022

Auditors' Report on page 4

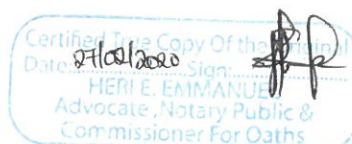


ALLIED MINING SERVICES LIMITED

Notes to the Financial Statements for the year ended 31 December 2018

	2018 TZS	2017 TZS
7. Trade and other receivables		
Trade	2,406,323,891	1,932,571,360
Loan and advance	697,815,000	748,890,000
Others	32,993,063	3,662,488
	<u>3,137,131,954</u>	<u>2,685,123,848</u>
8. Cash and bank balance		
Cash in hand	1,164,809	667,049
Cash at bank	89,213,901	10,384,364
	<u>90,378,711</u>	<u>11,051,414</u>
Bank overdraft	(831,289,086)	(656,239,115)
	<u>(740,910,375)</u>	<u>(645,187,701)</u>
9. Share capital		
Authorised 500,000 ordinary shares of Tshs. 1,000 each	<u>500,000,000</u>	<u>500,000,000</u>
Issued and paid up: 50,000 ordinary shares of Tzs. 1,000 each	<u>50,000,000</u>	<u>50,000,000</u>
10. Deferred tax		
As at 1 January	71,039,797	-
Prior year adjustment	(2,648,499)	69,380,517
Credit for the year	(1,938,741)	1,659,281
As at 31 December	<u>66,452,557</u>	<u>71,039,797</u>
Deferred tax (assets) / liability is made up as follows:		
Unrealised gain / (loss) on exchange	2,051,958	-
Accelerated capital allowances	64,400,599	71,039,797
	<u>66,452,557</u>	<u>71,039,797</u>

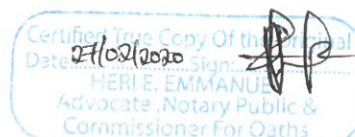
Auditors' Report on page 4



Notes to the Financial Statements
for the year ended 31 December 2018

	2018 TZS	2017 TZS
11. Trade and other payables		
Trade	5,187,775,232	7,043,459,840
Directors current account	267,406,980	291,790,000
VAT payable	79,680,061	32,302,776
Accruals	39,011,571	16,157,935
	<u>5,573,873,844</u>	<u>7,383,710,551</u>
12. Taxation		
Balance b/f	3,640,743	(116,494,284)
Prior year tax adjustment as per assessment 2016	-	166,688,113
Current year	62,055,904	63,640,742
	<u>65,696,646</u>	<u>113,834,571</u>
Provisional tax paid	(60,000,000)	(60,000,000)
Prior year tax paid	(3,640,743)	(50,193,829)
	<u>2,055,904</u>	<u>3,640,743</u>
13. Cash generated from operation		
Reconciliation of profit before tax to cash generated from operations:		
Operating profit before tax	199,715,541	206,398,599
Adjustment for:		
Depreciation	123,288,654	110,340,343
Changes in working capital		
Decrease / (increase) in inventories	1,906,758,689	811,267,432
Decrease in trade and other receivables	(452,008,107)	286,133,051
Decrease in trade and other payables	(1,809,836,707)	(1,317,884,532)
Cash generated from operation	<u>(32,081,928)</u>	<u>96,254,894</u>
14. Contingent liabilities		
The company had no contingent liabilities as at 31 December 2018.		

Auditors' Report on page 4



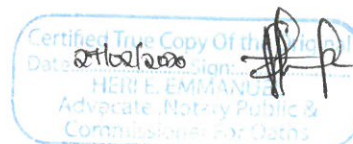
ALLIED MINING SERVICES LIMITED

**Appendix to the Financial Statements
for the year ended 31 December 2018**

	2018	2017
	TZS	<i>Re stated</i> TZS
A. Administrative expenses		
Audit fees	3,500,000	3,500,000
Bank charges	21,854,065	17,065,309
Book writing fees	-	1,416,000
Directors' remuneration	48,000,000	68,000,000
Employment cost A.1	154,278,624	152,938,032
Insurance	17,908,909	21,499,815
Generator running	4,570,270	2,063,940
Land rent and property tax	1,086,450	7,000,000
Legal and professional fees	346,610	12,000,000
Office and general expenses	84,247,269	57,140,418
Postage, telephone, internet and fax	40,732,456	41,990,808
Printing and stationeries	443,700	1,011,500
Rent	41,077,080	62,722,655
Repairs and maintenance	5,364,300	2,094,344
Security charges	18,900,000	21,300,000
Service charge	11,202,840	11,068,704
Service levy	21,584,201	15,311,367
Stamp duty	409,860	623,567
Utilities	14,210,161	3,054,653
Vehicle running expenses	26,041,735	22,015,885
Visa and permits	10,249,800	6,357,800
	<u>526,008,330</u>	<u>530,174,797</u>

A.1 Employment cost

Salaries and wages	127,133,000	123,033,900
NSSF contribution	17,513,300	19,103,300
Skills and development levy	7,880,988	8,695,488
Workers compensation fund	1,751,336	2,105,344
	<u>154,278,624</u>	<u>152,938,032</u>




ALLIED MINING SERVICES LIMITED

**Tax computation
for the year ended 31 December 2018**

		TZS
Profit as per accounts		199,715,541
Add: <u>Non-allowable expenses</u>		
Depreciation	123,288,654	
Fines and penalties	<u>675,000</u>	<u>123,963,654</u>
		323,679,195
Less: Depreciation (as per schedule below)	(101,157,994)	
Unrealised gain for 2018	(6,839,861)	
Unrealised loss for 2017 realised in 2018	<u>(8,828,329)</u>	<u>(116,826,184)</u>
Taxable income		<u>206,853,012</u>
Corporation tax @ 30%		62,055,904
Less: Provisional tax paid		<u>(60,000,000)</u>
Balance payable		<u>2,055,904</u>

Schedule of depreciation allowance

	Class 1 TZS 37.5%	Class 3 TZS 12.5%	Class 6 TZS 5% Cost	Total TZS
W. D. V. as at 01.01.2018	46,780,083	234,514,879	1,086,022,060	1,367,317,021
	<u>46,780,083</u>	<u>234,514,879</u>	<u>1,086,022,060</u>	<u>1,367,317,021</u>
Less: Depreciation allowance	(17,542,531)	(29,314,360)	(54,301,103)	(101,157,994)
Claimed up to 2017	-	-	(424,217,323)	(424,217,323)
W. D. V. as at 31.12.2018	<u>29,237,552</u>	<u>205,200,519</u>	<u>607,503,634</u>	<u>841,941,704</u>

Certified True Copy of the Original
Date: 21/02/2019 Sign: 
HENRI E. EMMANUEL
Advocate, Notary Public &
Commissioner For Oaths