

**MAENDELEO TECHNOLOGIES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

  
Certified as True Copy of the Original  
**Edwin Venance Maresi**  
Advocate, Notary Public & Commissioner  
for Oaths  
Sign:   
Date: 10/03/2025

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**COMPANY INFORMATION**

**BOARD OF DIRECTORS** : Valentin Chernomorchenko  
: Jevgenij Miskovski

**REGISTERED OFFICE AND  
PRINCIPAL PLACE OF BUSINESS** : Toure Drive, Plot number 368, Block number 2  
: P.O. Box 105136  
: Msasani, Kinondoni District  
: Dar es salaam, Tanzania

**INDEPENDENT AUDITOR** : GSA Africa  
: Certified Public Accountant  
: P.O. Box 12845  
: Dar es Salaam  
: Tanzania

**COMPANY SECRETARY** : Yuri Chernomorchenko  
: P.O. Box 105136  
: Dar es Salaam  
: Tanzania

**PRINCIPAL BANKERS** : CRDB Bank Plc.  
: Coco Plaza, Toure Drive  
: Msasani, Dar es Salaam  
: Tanzania

: NMB Bank Plc.  
: Oysterplaza, Masaki  
: P.O. Box 162409  
: Dar es Salaam  
: Tanzania

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**REPORT BY THOSE CHARGED WITH GOVERNANCE**

The directors submit their report together with the audited financial statements for the year ended 31 December 2024, which disclose the state of affairs of the Company.

**INCORPORATION**

The company was incorporated on 30th September 2016 as a private company limited by shares, and is domiciled in Tanzania. The address of the registered office is set out on page 1.

**PRINCIPAL ACTIVITIES**

The principal activity of the company is hiring of light and heavy mining equipment and machinery.

**BUSINESS REVIEW**

<b>Key performance indicators</b>	<b>2024 TZS</b>	<b>2023 TZS</b>
Turnover (TZS)	2,836,352,354	2,008,983,813
Gross profit (TZS)	982,314,898	531,341,989
Gross profit margin (%)	35%	26%
Loss before tax (TZS)	(2,281,202,933)	(2,221,117,874)
Net loss margin (%)	-80%	-111%
Net assets (TZS)	(6,520,464,261)	(3,124,458,741)
Return on capital employed (%)	35%	71%

**PRINCIPAL RISKS AND UNCERTAINTIES**

The overall business environment continues to remain challenging and this has a resultant effect on overall demand of the company's services. The company's strategic focus is to enhance sales growth whilst maintaining profit margins, the success of which remains dependent on overall market conditions and other factors such as the changes in laws and regulations. Whilst at this stage it is too early to predict the full potential impact of this outbreak on the company's operations, the directors continue to monitor this situation closely with a view to assessing and mitigating its impact on the company.

In addition to the business risk(s) discussed above, the company's activities expose it to a number of financial risks including credit risk, cash flow and foreign currency risk and liquidity risk as set out below:

***Credit risk***

The company's principal financial assets are cash and bank balances and trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over a number of counterparties.

**REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)**

**Cash flow and foreign currency risk**

The majority of the company's sales and direct costs are in US Dollar but where sales and direct costs are made in foreign currency, the company is exposed to currency risk. This risk is managed through appropriate operational offset of open receivable and payable foreign currency positions.

**Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company monitors its need for cash on a regular basis and takes appropriate action through intercompany financing arrangements.

**EMPLOYEE WELFARE**

**Management and Employees' Relationship**

There were continued good relations between employees and management during the year ended 31 December 2024. There were no unresolved complaints received by management from employees during the year. A healthy relationship continues to exist between management and the employees.

The Company is an equal opportunity employer. It gives equal access for employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge relevant duties.

**Health and Safety**

The Company has a strong health and safety committee which ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

**Employees benefit plan**

The Company pays contributions to a publicly administered pension plan National Social Security Fund (NSSF) on a mandatory basis.

**CAPITAL STRUCTURE AND SHARE HOLDING**

	<b>2024</b>	<b>2023</b>
	<b>TZS</b>	<b>TZS</b>
<b>Authorised and issued:</b>		
200 ordinary shares of TZS 100,000 each	<u>20,000,000</u>	<u>20,000,000</u>

**Shareholding**

The shares of the company are held as follows:

	<b>%</b>		<b>2024</b>	<b>2023</b>
	<b>shareholding</b>	<b>No. of shares</b>	<b>TZS</b>	<b>TZS</b>
Jevgenij Miskovski	35.0%	70	7,000,000	7,000,000
Valentine Chernomorchenko	30.0%	60	6,000,000	6,000,000
Branislav Grujic	35.0%	70	7,000,000	7,000,000
	<u>100%</u>	<u>200</u>	<u>20,000,000</u>	<u>20,000,000</u>

**DIVIDENDS**

During the year the directors recommended no dividend distribution (2023: Nil).

**CAPITAL STRUCTURE AND SHARE HOLDING (CONTINUED)**

**DIRECTORS**

The names of directors who held office during the year to the date of this report are shown on page 1.

**STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR**

With respect to each director at the time this report was approved:

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

**COMPLIANCE WITH LAWS AND REGULATIONS**

During the year ended 31 December 2024 there were no serious prejudicial matters to report as required by the Tanzania Financial Reporting Standard No.1 (TFRS 1) on Directors' report.


**STATEMENT OF COMPLIANCE**


The Directors' Report has been prepared in compliance with the Tanzania Financial Reporting Standard No.1(TFRS 1) on Directors' report.

**TERMS OF APPOINTMENT OF THE AUDITOR**


The company's Auditor, GSA Africa were appointed during the year and has expressed willingness to continue in office and is eligible for re-appointment. A resolution to re-appoint GSA Africa, as auditor will be put to the Annual General Meeting.

**BY ORDER OF THE BOARD**

  
Valentin Chernomorchenko  
Director

 2025



  
Jevgenij Miskovski  
Director

 2025

  
Certified as True Copy of the Original  
Edwin Venance Maresi  
Advocate, Notary Public & Commissioner  
for Oaths  
Sign:   
Date: 15/03/2025

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Tanzania 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 its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; and that enable them to disclose, with reasonable accuracy, the financial position of the company in compliance with the International Financial Reporting Standard for Small and Medium Sized Entities and the requirements of the Tanzania Companies Act, 2002. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and in the manner required by the Tanzania Companies Act, 2002. They also accept responsibility for:

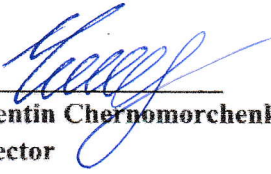
- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies;
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.

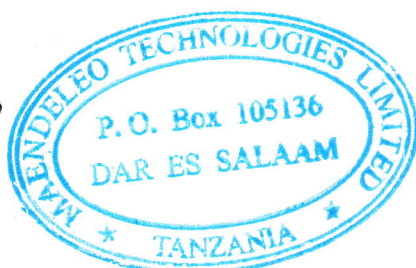
The Directors are of the opinion that the financial statements give a true and fair view of the financial position of Inspectorate Tanzania Limited as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and the requirements of the Tanzania Companies Act, 2002.

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

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

Approved by the board of Directors on 18.08 2025 and signed on its behalf by:

  
Valentin Chernomorchenko  
Director



  
Jevgenij Miskovski  
Director

**DECLARATION OF THE HEAD OF FINANCE OF MAENDELEO TECHNOLOGIES LIMITED**

The National Board of Accountants and Auditors (NBAA) according to the powers conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of the financial statements of the entity concerned.

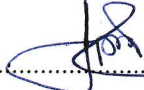
It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing a true and fair view of the entity's position and performance in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under the Directors Responsibility statement on page 5.

In regard thereof, I CPA. ANDREA G. MWINUKA, being the Accountant of Maendeleo Technologies Limited hereby acknowledge my responsibility of ensuring that the company's financial statements for the year ended 31 December 2024 have been prepared in compliance with the International Financial Reporting Standard for Small and Medium Sized Entities and statutory requirements.

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

CPA. ANDREA G. MWINUKA

Signed by: 

Position: HEAD OF FINANCE

NBAA Membership No.: 6421

Date: 18/02/2025

## **Independent Auditors' Report**

**To the shareholders of Maendeleo Technologies limited**

### **Opinion**

We have audited the financial statements of Maendeleo Technologies Limited, which comprise the Statement of Financial Position as at 31 December 2024, 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 a summary of significant accounting policies and other explanatory notes as set out on pages 13 to 25.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Maendeleo Technologies Limited as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Company's Act 2002.

### **Basis for Opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) which is consistent with the National Board of Accountants and Auditors (NBAA) Code of Ethics, together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of company's financial statements of the current period. These matters were addressed in the context of our audit of the company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no any significant matters that came to our attention that need to be reported as key Audit Matters.

### **Other Information**

Management is responsible for other information. Other information comprises the information included in the directors' report and the declaration by the head of finance, but does not include the financial statements and our audit reports thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that I

obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Board's responsibility for the Financial Statements**

The board members are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance

### Independent Auditors' report (Continued)

is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect all material misstatements when they exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls 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 association's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board members.
- Conclude on the appropriateness of Board members' 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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- We communicate with 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 controls that we identified during our audit.

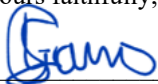
### Report on other legal and regulatory requirements

Based on our audit we report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- The company statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report was **CPA Gabriel Liginyan Samo – P/No 4232**

Yours faithfully,



GSA Africa Certified Public Accountants  
CPA, Registration certificate No

Signing partner responsible for the independent Audit

REF:MTL/2024/18/08/2025



Date: 18 August 2025

11th Floor, Derm Plaza No. 18, Block 45A, Along New Bagamoyo Road, Kijitonyama Area  
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*Maendeleo Technologies Limited*  
*Annual report and financial statements*  
*For the year ended 31 December 2024*

**STATEMENT OF PROFIT OR LOSS**

	<b>Notes</b>	<b>2024 TZS</b>	<b>2023 TZS</b>
Revenue	3	2,836,352,354	2,008,983,813
Direct expenses		<u>(1,854,037,456)</u>	<u>(1,477,641,824)</u>
<b>Gross profit</b>		982,314,898	531,341,989
Other income	4	42,013,282	130,000,000
Operating expenses		(574,308,105)	(830,835,515)
Administrative expenses		(2,368,253,117)	(1,440,716,324)
Finance expenses		<u>(362,969,891)</u>	<u>(610,908,024)</u>
Loss before tax		(2,281,202,933)	(2,221,117,874)
Tax (charge)/credit	6	<u>(1,114,802,587)</u>	<u>671,221,266</u>
Loss for the year		<u>(3,396,005,520)</u>	<u>(1,549,896,608)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>(3,396,005,520)</u></u>	<u><u>(1,549,896,608)</u></u>

The notes on pages 13 to 21 form an integral part of these financial statements.

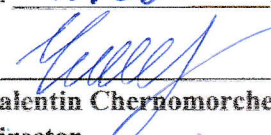
Report of the independent auditor - page 7 and 8.

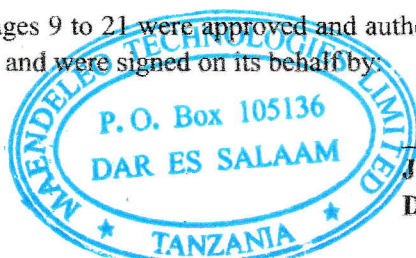
Maendeleo Technologies Limited  
Annual report and financial statements  
For the year ended 31 December 2024

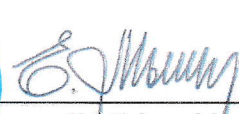
**STATEMENT OF FINANCIAL POSITION**

	Note	As at 31 December	
		2024 TZS	2023 TZS
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred tax asset	7	-	1,114,802,587
Property, plant and equipment	8	2,128,236,146	1,888,361,852
		<u>2,128,236,146</u>	<u>3,003,164,439</u>
<b>Current assets</b>			
Trade and other receivables	9	362,516,869	813,344,956
Cash and cash equivalents	10	26,374,837	6,818,791
Tax recoverable		6,100,000	3,700,000
		<u>394,991,706</u>	<u>823,863,747</u>
<b>TOTAL ASSETS</b>		<b><u>2,523,227,853</u></b>	<b><u>3,827,028,186</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Borrowings	10	5,586,608,723	3,918,233,417
<b>Current liabilities</b>			
Trade and other payables	11	3,457,083,391	2,818,006,427
Current tax		-	215,247,083
		<u>3,457,083,391</u>	<u>3,033,253,510</u>
		<u>9,043,692,114</u>	<u>6,951,486,927</u>
<b>Equity</b>			
Share capital	13	20,000,000	20,000,000
Retained earnings		(6,540,464,262)	(3,144,458,742)
<b>Shareholders' equity</b>		<u>(6,520,464,261)</u>	<u>(3,124,458,741)</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>2,523,227,853</u></b>	<b><u>3,827,028,186</u></b>

The financial statements on pages 9 to 21 were approved and authorised for issue by the Board of Directors on 18.08. 2025 and were signed on its behalf by:

  
Valentin Chernomorchenko  
Director



  
Jevgenij Miskovski  
Director

The notes on pages 13 to 21 form an integral part of these financial statements.

Report of the independent auditor - page 7 and 8.

**STATEMENT OF CHANGES IN EQUITY**

	<b>Share capital TZS</b>	<b>Retained earnings TZS</b>	<b>Total TZS</b>
<b>Year ended 31 December 2024</b>			
At start of year	20,000,000	(3,144,458,742)	(3,124,458,742)
Total comprehensive loss for the year	<u>-</u>	<u>(3,396,005,520)</u>	<u>(3,396,005,520)</u>
At end of year	<u><u>20,000,000</u></u>	<u><u>(6,540,464,262)</u></u>	<u><u>(6,520,464,262)</u></u>
<b>Year ended 31 December 2023</b>			
At start of year	20,000,000	(1,375,615,050)	(1,355,615,050)
Prior year adjustment omitted in retained earnings	-	2,125,000	2,125,000
Tax assessment 2022 audit	-	(221,072,084)	(221,072,084)
Total comprehensive loss for the year	<u>-</u>	<u>(1,549,896,608)</u>	<u>(1,549,896,608)</u>
At start of year	<u><u>20,000,000</u></u>	<u><u>(3,144,458,742)</u></u>	<u><u>(3,124,458,742)</u></u>

The notes on pages 13 to 21 form an integral part of these financial statements.

Report of the independent auditor - page 7 and 8.



## **NOTES**

### **1) General Information**

Maendeleo Limited is a private company limited by shares. It was registered in the United Republic of Tanzania under the Tanzania Companies Act, 2002, on 30th September 2016 through Certificate of incorporation no 129984. The address of its registered office is Toure Drive, Plot number 368, Block number 2 P.O. Box 105136 Msasani, Kinondoni District.

### **2) Significant 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**

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board and are consistent with the previous period.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the IFRS for SMEs 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. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 2 (b).

These financial statements comply with the requirements of the Tanzania Companies Act, 2002. The statement of profit or loss and statement of comprehensive income represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

#### **Going concern**

The financial performance of the company is set out in the report of the directors and in the statement of profit or loss and the other comprehensive income. The financial position of the company is set out in the statement of financial position.

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

#### **b) Key sources of estimation uncertainty and judgements**

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### **- Useful lives, depreciation methods and residual values of plant and equipment.**

Management reviews the useful lives, depreciation methods and residual values of the items of plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of property, plant and equipment is disclosed in notes 8.

**2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) Key sources of estimation uncertainty (continued)**

**- Impairment of non-financial assets**

Impairment exists when the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DC) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The carrying amounts of property, plant and equipment is disclosed in notes 8.

**- Pension benefits**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

**c) Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Revenue is shown net of sales/value-added tax, returns, rebates and discounts.

The company recognizes revenue when: the amount of revenue can be reliably measured it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

- Sales of services are recognized upon performance of the services rendered by reference to the stage of completion of the service contract.

**d) Property, plant and equipment**

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Freehold and leasehold land, buildings and plant and machinery are subsequently shown at fair value, based on periodic valuations less subsequent depreciation.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

**NOTES (CONTINUED)**

**2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d) Property, plant and equipment (continued)**

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and credited to revaluation reserve in equity except to the extent that the increase reverses revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. Decreases that offset previous increases of the same asset are charged to other comprehensive income; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Subsequent 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 benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Leasehold land is depreciated over the remaining period of the lease.

Depreciation on all other assets is calculated on straight line basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	<b><u>Rate %</u></b>
Computers	37.50%
Furniture and Fittings	12.50%
Trucks	37.50%
Earth moving Equipments	37.50%
Plant and machinery	37.50%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

**e) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks.

**f) Financial assets**

Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method.

**NOTES (CONTINUED)**

**2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**g) Financial liabilities**

Financial liabilities are initially recognised at the transaction price (less transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**h) Provisions**

Provisions for restructuring costs and legal claims are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**i) Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Tanzania shillings at rates ruling at the transaction dates. Assets and liabilities at the reporting date which are expressed in foreign currencies are translated into Tanzania shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

**j) Employee benefits**

**Retirement benefit obligations**

The company operates a defined contribution staff retirement benefit scheme for its permanent and pensionable employees. The company's contributions to the defined contribution staff retirement benefit scheme are charged to profit or loss in the year to which they relate. The company has no further payment obligations once the contributions have been paid. If contribution payments exceed the contribution due for service, the excess is recognized as an asset.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in profit or loss.

Past-service costs are recognized immediately in profit or loss.

The company and its employees also contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

**Accrued leave**

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

**NOTES (CONTINUED)**

**2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**k) Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in the comprehensive income or in equity. In this case, the tax is also recognized in other comprehensive income or equity.

**Current tax**

The current income tax charge/credit is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

**Deferred tax**

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

**Offsetting**

An entity shall offset current tax assets and current tax liabilities, or offset deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off the amounts and the entity can demonstrate without undue cost or effort that it plans either to settle on a net basis or to realize the

**l) Share capital**

Ordinary shares are classified as equity.

**m) Comparatives**

There were no changes in presentation in the current year.

**NOTES (CONTINUED)**

	<b>2024</b>	<b>2023</b>
	<b>TZS</b>	<b>TZS</b>
<b>3. Revenue</b>		
Leasing of Machinery & Trucks	<u>2,836,352,354</u>	<u>2,008,983,813</u>
<b>4. Other income</b>		
Gain on sale of plant and equipment	<u>42,013,282</u>	<u>130,000,000</u>
<b>5. Profit before tax</b>		
The following items have been charged in arriving at the profit before tax:		
Depreciation on property, plant and equipment (Note 13)	686,857,205	827,485,281
Auditors remuneration	7,000,000	6,750,000
Operating lease rentals	15,435,960	1,650,000
Staff costs	<u>1,721,499,057</u>	<u>1,213,236,836</u>
<b>Total</b>	<u>2,430,792,222</u>	<u>2,049,122,117</u>
<b>6. Tax</b>		
Current tax	-	-
Deferred tax charge/(credit) (Note 12)	<u>1,114,802,587</u>	<u>(671,221,266)</u>
<b>Tax charge</b>	<u>1,114,802,587</u>	<u>(671,221,266)</u>
The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:		
Loss before tax	<u>(2,281,202,933)</u>	<u>(2,221,117,874)</u>
Tax calculated at a tax rate of 30% (2023: 30%)	(684,360,880)	(666,335,362)
Tax effect of:		
- expenses disallowed	110,414,043	-
- deferred tax not recognised	<u>1,580,405,790</u>	<u>(4,885,904)</u>
<b>Tax charge</b>	<u>1,006,458,953</u>	<u>(671,221,266)</u>
<b>7. Deferred tax - for disclosure purpose only</b>		
Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a tax rate of 30%. (2023: 30%) The movement in the deferred tax account is as follows:		
	<b>2024</b>	<b>2023</b>
	<b>TZS</b>	<b>TZS</b>
At start of year	(1,114,802,587)	(443,581,321)
Charge to profit or loss (Note 6)	<u>1,114,802,587</u>	<u>(671,221,266)</u>
At end of year	<u>-</u>	<u>(1,114,802,587)</u>

**NOTES (CONTINUED)**

**7. Deferred tax - for disclosure purpose only (continued)**

Deferred tax (assets) and liabilities, deferred tax charge (credit) to profit or loss are attributable to the following;

	<b>At start of year TZS</b>	<b>Charged (Credited)/ to profit or loss TZS</b>	<b>At end of year TZS</b>	
<b>Deferred tax assets</b>				
Property, plant and equipment	(30,106,660)	284,209,828	254,103,168	
Foreign exchange loss	-	48,416,512	48,416,512	
Tax loss	(1,084,695,927)	(249,043,685)	(1,333,739,611)	-4,445,798,704.06
Net deferred tax asset	<u>(1,114,802,587)</u>	<u>83,582,656</u>	<u>(1,031,219,931)</u>	

**8. Property, plant and equipment**

	<b>Intangible assets TZS</b>	<b>Computers TZS</b>	<b>Earth moving Equipments TZS</b>	<b>Furniture and Fittings TZS</b>	<b>Plant and machinery TZS</b>	<b>Trucks TZS</b>	<b>Total TZS</b>
<b>Cost</b>							
At start of the year	4,422,600	8,023,080	3,570,483,374	8,620,021	210,892,925	2,003,454,158	5,805,896,158
Additions	-	-	499,474,583	-	-	1,104,073,013	1,603,547,596
Disposals	(4,422,600)	-	-	-	-	(1,594,018,365)	(1,598,440,965)
<b>At end of year</b>	<u>-</u>	<u>8,023,080</u>	<u>4,069,957,957</u>	<u>8,620,021</u>	<u>210,892,925</u>	<u>1,513,508,806</u>	<u>5,811,002,789</u>
<b>Accumulated depreciation</b>							
At start of the year	-	5,286,047	2,698,783,332	2,021,942	40,683,131	1,170,759,854	3,917,534,306
Disposals	-	-	-	-	-	(921,624,867)	(921,624,867)
Charge for the year	-	1,026,387	358,104,677	824,760	42,552,449	284,348,932	686,857,205
At end of year	<u>-</u>	<u>6,312,434</u>	<u>3,056,888,009</u>	<u>2,846,702</u>	<u>83,235,580</u>	<u>533,483,919</u>	<u>3,682,766,644</u>
<b>Net carrying amount</b>							
<b>As at 31 December 2024</b>	<u>-</u>	<u>1,710,646</u>	<u>1,013,069,948</u>	<u>5,773,319</u>	<u>127,657,346</u>	<u>980,024,887</u>	<u>2,128,236,146</u>
<b>As at 31 December 2023</b>	<u>4,422,600</u>	<u>2,737,033</u>	<u>871,700,042</u>	<u>6,598,079</u>	<u>170,209,794</u>	<u>832,694,304</u>	<u>1,888,361,852</u>

**NOTES (CONTINUED)**

	<b>2024</b>	<b>2023</b>
	<b>TZS</b>	<b>TZS</b>
<b>9. Trade and other receivables</b>		
Trade receivables	106,021,571	643,470,262
Other receivable	10,014,699	-
VAT Refundable	241,480,599	-
Loan receivable from MMG	-	164,874,694
Receivables from shareholders	5,000,000	5,000,000
	<u>362,516,869</u>	<u>813,344,956</u>

**10. Cash and cash equivalent**

Cash in hand	<u>26,374,837</u>	<u>6,818,791</u>
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For the purpose of the statement of cash flows, the year end cash and cash equivalents is as per below:

	<b>2024</b>	<b>2023</b>
	<b>TZS</b>	<b>TZS</b>
Cash in hand	26,374,837	6,818,790
Bank balance	(156,409,478)	(13,553,004)
<b>Total bank and cash balance</b>	<u>(130,034,642)</u>	<u>(6,734,214)</u>

The company's bank balances are held with a major Tanzanian financial institution.

**11. Trade and other payables**

Trade payables	2,210,630,801	2,163,295,785
Other payables	294,980,963	212,640,382
Interest on loans	661,508,656	442,070,260
Related party payable MMG	289,962,971	-
	<u>3,457,083,391</u>	<u>2,818,006,427</u>

**12. Borrowings**

Bank overdraft	156,409,478	13,553,004
SKIFI Limited	-	646,839,196
Polygold Limited	2,365,879,245	-
Lexafin Business Limited	1,508,220,000	1,578,800,286
Shareholders Loan	1,556,100,000	1,679,040,930
<b>Total borrowings</b>	<u>5,586,608,724</u>	<u>3,918,233,417</u>

**NOTES (CONTINUED)**

	<b>2024</b>	<b>2023</b>
	<b>TZS</b>	<b>TZS</b>
<b>13. Share capital</b>		
<b>Authorized and issued:</b>		
200 ordinary shares of TZS 100,000 each	<u>20,000,000</u>	<u>20,000,000</u>
<b>14. Related party transactions and balances</b>		
<b>Loan from shareholders (Note 17)</b>		
Valentin Chernomorchenko Loan	-	50,120,000
Jevgenij Miskovski	<u>1,556,100,000</u>	<u>1,628,920,930</u>
At end of year	<u>1,556,100,000</u>	<u>1,679,040,930</u>
<b>15. Events after the reporting period</b>		
The Directors of the Company are not aware of any events or matters since the date of this report that require adjustments or disclosure in the financial statements.		
<b>16. Presentation currency</b>		
These financial statements are presented in Tanzanian Shillings.		

**SCHEDULE OF EXPENSES**

	<b>2024</b>	<b>2023</b>
	<b>TZS</b>	<b>TZS</b>
<b>1. Direct expenses</b>		
Mechanical & Electrical	1,784,684,356	1,477,641,824
Fuel Bowser Hiring	69,353,100	-
	<b>1,854,037,456</b>	<b>1,477,641,824</b>
<b>2. Operating expenses</b>		
Rent and rates	15,435,960	1,650,000
Electricity	100,000	3,200,000
Insurance	29,690,988	-
Ewura Levy	197,400	-
Stump duty	153,000	-
Realised foreign exchange	3,261,927	(1,499,767)
Unrealised foreign exchange	(161,388,375)	-
Depreciation on PPE	686,857,205	827,485,281
	<b>574,308,105</b>	<b>830,835,515</b>
<b>3. Administrative expenses</b>		
<b>Employment expenses</b>		
Gross Salaries	1,510,380,850	1,060,824,963
NSSF Employer Contribution	151,038,085	106,141,363
SDL Contributions	52,573,388	39,494,493
WCF Employer contribution	7,506,734	6,776,018
Office expenses	85,646,487	14,215,414
Fuel expenses	5,703,373	2,282,488
Forwarding and clearing fee	15,876,759	-
Accommodation costs & Travelling	9,985,008	10,630,141
Consultancy expenses	144,340,000	25,229,060
TRA assessment audit 2022-2023	100,011,262	-
Audit fees	7,000,000	6,750,000
Internet & Telephone Costs	273,612	970,000
Repair and maintenance	58,240,302	10,381,153
Import Duties & Clearance Fees	26,598,602	9,530,829
Subscription Fees and Licenses	43,691,093	34,075,272
Printing and stationery	740,786	1,691,009
Property, plant and equipment	-	22,390,292
Postage and courier costs	54,500,000	89,333,832
Impairment of assets	94,146,776	-
<b>Total administration expenses</b>	<b>2,368,253,117</b>	<b>1,440,716,324</b>
<b>4. Financial expenses</b>		
Bank charges	13,954,810	8,806,520
Interest expenses	349,015,080	602,101,504
<b>Total finance expenses</b>	<b>362,969,891</b>	<b>610,908,024</b>