REPORT OF THE CONTROLLER AND AUDITOR GENERAL

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

ISO 9001:2015 Certified

TANZANIA PETROLEUM DEVELOPMENT CORPORATION (TPDC)

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE CONSOLIDATED AND SEPARATE FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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January 2024

AR/PA/TPDC/2022/23

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, [Cap 418 R.E 2020]

NAOT mission, vision & Motto

01 Mission

To provide high-quality audit services through the modernisation of functions that enhance accountability and transparency in the management of public resources.

02 Vision

To be a credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

03 Motto

Modernising External Audit for Stronger Public Confidence

Independence and objectivity

We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.

Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

© This audit report is intended to be used by TPDC and may form part of the annual general report, which once tabled to National Assembly, becomes a public document; hence, its distribution may not be limited.

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ABBREVIATIONS

AGG	Airborne Gravity Gradiometry
BCF	Billion Cubic Feet
BPS	Bulk Procurement System
CAG	Controller and Auditor General
CNG	Condensed Natural Gas
EIA	Environmental Impact Assessment
FTG	Full Tensor Gradiometry
FEED	Front End Engineering Design
GASCO	Gas Company (Tanzania) Limited
GoT	Government of Tanzania
GNT	Government Negotiation Team
GSA	Gas Sale Agreement
HSSE	Health, Safety, Social and Environment
IAS	International Accounting Standard
IFRS	International Financial Reporting Standard
IECs	International Energy Companies
Km	Kilometers
LNG	Liquefied Natural Gas
M&P	Maurel et Prom
MoE	Ministry of Energy
MMSCFD	Million Standard Cubic Feet per Day
MOU	Memorandum of Understanding
PURA	Petroleum Upstream Regulatory Authority
PBPA	Petroleum Bulk Procurement Agency
NBAA	National Board of Accountants and Auditors
NEMC	National Environmental Management Council
NNGI	National Natural Gas Infrastructure
NNGIP	National Natural Gas Infrastructure Project
OCI	Other Comprehensive Income
PAET	Pan African Energy Tanzania
PRE-FEED	Preliminary front end engineering design
PRS	Pressure Reduction Station
PSA	Production Sharing Agreement
PSSSF	Public Service Social Security Fund
SACCOS	Savings and Credit Corporative Society
Sq. Km	Square Kilometers
TANOIL	TANOIL Investment Limited
TANESCO	Tanzania Electric Supply Company Limited
TCF	Trillion Cubic Feet
TPDC	Tanzania Petroleum Development Corporation
TR	Treasury Registrar
TZ	Tanzania
TZS	Tanzanian Shillings
URT	United Republic of Tanzania
USD	United States Dollar
HGA	Host Government Agreement
NHIF	National Health Insurance Fund
EWURA	Energy and Water Utilities Regulatory Authority

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

THE REGISTERED OF TPDC MANAGEMENT:	Tanzania Petroleum Development Corporation, Tower A, Benjamin W. Mkapa, Azikiwe/ Jamhuri Street, P.O. Box 2774, **Dar es Salaam, Tanzania.**
MAIN BANKERS:	Bank of Tanzania (BoT) P. O. Box 2939, **DAR Es Salaam, Tanzania** National Microfinance Bank (NMB) PLC P. O. Box 9031, **DAR Es Salaam, Tanzania** CRDB Bank PLC, Lumumba Branch P. O. Box 2318, **Dar Es Salaam, Tanzania** CITI Bank Tanzania P.O. Box 71625, **Dar Es Salaam, Tanzania**
CORPORATION SECRETARY:	Dr. Elias T. Mwashiuya
AUDITOR:	Controller and Auditor General National Audit Office Ukaguzi Road, Tambukareli P. O. Box 950, **Dodoma, Tanzania**

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Board Chairperson,
Tanzania Petroleum Development Corporation,
Tower A, Benjamin W. Mkapa,
Azikiwe/ Jamhuri Street,
P.O. Box 2774,
Dar es Salaam, Tanzania.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the consolidated financial statements of Tanzania Petroleum Development Corporation and its Subsidiaries Gas Company (Tanzania) Limited and TANOIL Investment Limited (together "the Group"), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement of changes in net equity and statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Tanzania Petroleum Development Corporation as at 30 June 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 the Group and the Corporation 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 consolidated 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 the other information. The other information comprises the Report by Those Charged with Governance, statement of director's responsibility and 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 consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS 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.

Further, Section 48(3) of the Public Procurement Act, [Cap 410 R.E 2022] requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

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 performed a compliance audit on the procurement of works, goods and services in the Tanzania Petroleum Development Corporation for the financial year ended 30 June 2023 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that, the procurement of works, goods and services of the Tanzania Petroleum Development Corporation is generally in compliance with the requirements of the Public Procurement laws.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Tanzania Petroleum Development Corporation for the financial year ended 30 June 2023 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that, Budget formulation and execution of Tanzania Petroleum Development Corporation is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
January 2024

2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

The members charged with governance submit their report together with the audited financial statements for the year ended 30 June 2023, which disclose the state of affairs of Tanzania Petroleum Development Corporation (the "Corporation" or "TPDC") and its subsidiaries, Gas Company (Tanzania) Limited (GASCO) and TANOIL Investments Limited (together, the "Group").

2.1 INCORPORATION

The Corporation was established under the Public Corporations Act No. 17 of 1969 through the Tanzania Petroleum Development Corporation (Establishment Order) Government Notice No.140 of 30 May 1969. In addition, the Petroleum Act, 2015, among other things, mandated TPDC to carry out specialized operations in the petroleum value chain using subsidiary companies. GASCO and TANOIL have been incorporated as limited liability companies and their shares are wholly owned by TPDC.

Gas Company (Tanzania) Limited, was incorporated on 13 August 1985, it remained dormant until 2014 when it was revived. TPDC designated the newly revived GASCO to carry out the operational maintenance of the national Natural Gas Infrastructure in 2015.

TANOIL Investments Limited was initially incorporated as the Commercial Petroleum Company (COPEC) on 22 March 1999 to conduct oil business. Following the Government's decision towards liberalization of petroleum sub-sector with effect from 1 January 2000, COPEC remained dormant effectively from 31 December 1999. After consulting stakeholders, the name TANOIL was proposed, and it was then adopted by TPDC's management and later approved by TPDC's Board of Directors. The change of name from COPEC to TANOIL was officially registered at the Business Registrations and Licensing Agency on 1 November 2017.

The Petroleum Act, 2015 recognizes TPDC as the National Oil Company (NOC) responsible for undertaking Tanzania's commercial aspects of petroleum operations in the upstream, midstream and downstream.

2.2 PRINCIPAL ACTIVITIES

Mandates of TPDC under the Petroleum Act and TPDC Establishment Order are summarised as follows:

a) To undertake Tanzania's commercial aspects of petroleum in the upstream, midstream and downstream operations;

b) To advise the Government on policy matters about the petroleum industry;

c) To participate in petroleum reconnaissance, exploration and development projects;

d) To carry out specialized operations in the petroleum value chain using its subsidiaries;

e) To handle the Government's commercial participating interests in the petroleum industry;

f) To manage the marketing of the country's share of petroleum received in kind;

g) To develop in-depth expertise in the petroleum industry;

h) To investigate and propose new upstream, midstream and downstream ventures at local and international levels;

i) To contract, hold equity or participate in oil services and supply chain franchises of other licenses; and

j) To perform any petroleum activities and related functions.

TPDC has exclusive rights over natural gas midstream and downstream value chain to:

a) Safeguard the national interest in the natural gas industry;

b) Participate in the development and strategic ownership of natural gas projects and businesses on behalf of the Government;

c) Carry out specialized operations in the natural gas value chain through its subsidiaries;

d) Aggregate natural gas, own and operate major gas infrastructures;

e) Promote investment in gas activities;

f) Acquire, analyze and disseminate information on issues relating to natural gas;

g) Own pipeline network from central gathering stations to wholesale distribution and end-user;

h) Plan and propose midstream and downstream ventures and participate in venture projects;

i) Implement gas master plan;

j) Promote local content in the natural gas value chain;

k) Hold land for key oil and natural gas projects; and

l) Perform any other functions as directed by the Government.

2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

2.3 BUSINESS OBJECTIVES AND STRATEGIES

Vision statement

The Corporation vision is to be a world-class integrated National Oil Company competing nationally, regionally and globally.

Mission statement

To participate and engage in the exploration, development, production and distribution of oil and gas related services, safeguard the national supply of petroleum products and natural gas, and maintain quality and safety standards to protect people, property and the environment.

General outlook

TPDC continued to undertake its mandated functions in the petroleum value chain. These include exploration, development and production of petroleum products and participating in mid and downstream oil and gas operations and trading.

TPDC is implementing four national flagship projects: The Eyasi-Wembere Petroleum Exploration Project, the Mnazi Bay North Petroleum Exploration Project; the Construction of the LNG Plant; and EACOP. As a license holder, TPDC participates in exploration activities with International Energy Companies through Production Sharing Agreements (PSAs). Currently, there are eleven (11) active PSAs.

The current gas resources discovered offshore and onshore stand at 57.54 trillion cubic feet (TCF) where the offshore and the onshore resources are 47.13 TCF and 10.41 TCF, respectively. About 45.13 TCF in resource and about 25 TCF recoverable reserves from the offshore discoveries, will be developed through the LNG project for export and domestic use. Out of the onshore discovered gas, only Songo Songo and Mnazi Bay fields are producing at a total capacity of 240 mmscfd.

The Ntorya field, which is expected to deliver about 140 mmscfd (with full field capacity) of gas, is in the process of obtaining a development license and its development thereof. The first gas from Ntorya is expected in June 2025.

The gas consumption in Tanzania has been increasing, with a current daily gas demand for power generation plants and other uses almost equal to existing field producing capacity. Natural gas contributes about 70% of the total power generation in the National grid. Other natural gas customers include industries for heating fuel and captive power generation, commercial/non-commercial institutions including households and vehicles where gas is used as an alternative transport fuel replacing diesel and petrol.

TPDC, through GASCO, operates and maintains the NNGI which processes, transports and distributes natural gas to end users. On the other hand, TPDC participates in bulk fuel importation through the Bulk Procurement System under PBPA while TANOIL undertakes oil marketing activities.

TPDC upstream activities include programs for review of subsurface data, preparation of drilling program, procurement of long lead items, drilling services and then drilling of one (1) exploration well in Mnazi Bay North Block. Other activities focus on completion of a surface geochemical survey encompassing approximately 1500km^2 to identify geochemical anomalies and the acquisition and processing of 260-line km of 2D seismic data in Eyasi-Wembere block. The focus is on exploration for oil at the Eyasi-Wembere block and natural gas at the Mnazi Bay North block.

The LNG project entails the liquefaction of deep-sea natural gas for export and domestic markets. Currently, the project is under the Host Government Agreement (HGA) negotiations stage between the Government of Tanzania (GoT) and Gas developers (Shell Exploration Petroleum Tanzania Limited of the Netherlands and Equinor of Norway). Upon the signing of HGA documents, implementation of the Pre-FEED and FEED stages of the project will start. The Development Licence will be granted to TPDC upon submission of the final Development Plan by Gas developers and after completion of the FEED stage.

A total area of 54,764.5 sq. km, approximately 5.74% of the total area of the United Republic of Tanzania, has been licensed for hydrocarbon exploration. Currently, TPDC together with IOCs operate eleven (11) active exploration and production licenses in various Blocks. Operational PSAs include Blocks 1, 2, and 4 located in the offshore basins, and Ruvuma, Ruvu, Kilosa Kilombero, Songo Songo, Mnazi bay, and Kiliwani-North PSAs are located in the onshore basins.

2.4 FUTURE DEVELOPMENTS

A) Upstream Operations

I. Exploration Activities

TPDC completed the modelling of 3D Airborne Gravity Gradiometry (AGG) data and confirmed the presence of more than 6 km of sediments that are potential for hydrocarbon exploration In the Eyasi Wembere Block. Further, TPDC accomplished a geochemical survey conducted by the Amplified Imaging LLC of USA that confirmed the existence of a viable petroleum system within the block and have also aided in identifying the specific areas that warrant further exploration.

TPDC concluded the undertaking of Environmental and Social Impact Assessment (ESIA) studies for 2D seismic data acquisition in the Block. Furthermore, TPDC is currently processing the 260-line km of 2D seismic data acquired from the Block

In Mnazi Bay North Block, a Drilling Management Consultant (DMC) has completed Geological, Geophysical, Engineering, and other related data, revisited the planned well(s) to be drilled, and designed an exploration well. However, procurement of the long lead items and drilling of the exploration well has been prolonged because of the changing TPDC execution strategy. Currently, TPDC is focusing on obtaining an Exploration License and undertaking the drilling of the exploration well in partnership with a strategic partner to reduce associated technical and financial risks. The intention is to engage a strategic partner(s) who will acquire shares on the basis of exchange with work obligations as per PSA.

Regarding Blocks 4 1B & 4 1C, the Corporation intends to obtain an Exploration License and seek a strategic partner to reduce associated technical and financial risks. The EIA for seismic data acquisition for the block has been upgraded.

Using a consultant, the Corporation has completed review of geological and geophysical data in the West Songo Songo Block and prepared a drilling program for the two main identified drillable prospects (Afisi and Chocha). Further, TPDC has already applied for an exploration license and completed discussion with the Ministry of Energy and PURA on the draft Production Sharing Agreement.

II. LNG Development

The Government Negotiation Team (GNT) continued with discussions on the development of the LNG project, including deliberations on the Host Government Agreement (HGA), amendment of Blocks 1 & 4 and Block 2 PSAs, and establishment of the Project Law. In May 2023 negotiation of project contracts was completed and the negotiation teams between the Government and International Energy Companies (IECs) agreed that all contracts should pass through decision levels of all parties to obtain relevant approvals. The main agreements at this stage are the Host Government Agreement (HGA) and the amended Production Sharing Agreement (PSA). Establishment of the Project Law is also another area to be agreed upon.

The agreements will be submitted to the cabinet and then to the Parliament for deliberations and seeking necessary approvals. The signing of the said contracts will enable the start of the initial activities (Pre-FEED studies) that will facilitate the construction of the project, including the engineering design of the project; the search for funds for the implementation of the project where the Government will participate as a shareholder.

The contemplated engineering studies will demonstrate the possibility of building the infrastructure of the project eg. development wells, installation of the subsea facilities and the construction of LNG plant; as well as continuing to build capacity for Government Experts.

Due to the uniqueness and magnitude of this project that is expected to cost approximately TZS 97.29 trillion, the need to implement this project in the time intended by the stakeholders involved in the implementation of the project, it has been seen that there is a need to have a specific Project Office (Tanzania Natural Gas and LNG - TLNG Project Office) for the coordination of the project as well as the specific Law to manage the project.

The Project Office has already been established and TZS 10.35 billion has been allocated for coordinating activities relating to the office during the year 2023/24.

B) Mid and Downstream Operations

The Corporation implements mid and downstream operations in the aspects of oil and natural gas as described below:

1: Downstream Natural Gas Operations

During the period under review, the total amount of gas dispatched to power plants was 38,622.32 MMSCF up from 32,661.00 MMSCF recorded in 2021/22. For industrial segment, a total of 6,409.75 MMSCF down from 7,990.00 MMSCF in 2021-22 of gas was supplied to industrial customers in Dar es Salaam (Coca-Cola), Pwani (Goodwill Ceramics, Lodhia Steel, Knauf Gypsum and Raddy Fibre) and Mtwara (Dangote). A decrease of a quantity of gas supplied to industries during the financial year is attributed to redirecting more gas to TANESCO power generation plants following a poor hydrology that affected hydroelectric power generation. A total of 5.99 MMSCF up from 3.06 MMSCF in 2021/22 was supplied to household customers in Dar es Salaam and institutional customers for cooking which include UDSM Cafeteria 1, Mtwara Technical Secondary School (MTSS), Mtwara Teachers College (MTC), Mtwara Technical Teachers College (MTTC) and the Lilungu Prison in Mtwara. Further, TPDC continued to implement natural gas distribution projects in four (4) Regions of Mtwara, Lindi, Pwani and Dar es Salaam.

In Mtwara Region, TPDC conducted a valuation of 32.4 km, 20-meter-wide wayleave for a raw gas pipeline project which is under the planning stage to offtake raw gas from the Ntorya gas field at Nanguruwe to Madimba Gas Processing Plant. During the period, TPDC paid compensation to the project affected people on the selected wayleave during the period.

Procurement of a consultant for undertaking environmental and social impact assessment (ESIA) was also initiated, the actual ESIA activities will be carried out in the financial year 2023/24.

In Lindi Region, a project for constructing a 10.4 Kilometre trunk distribution pipeline from block valve station number three (BVS-3) of the main high pressure gas transportation pipeline of the NNGI to Mnazi Mmoja was commissioned by a third-party contractor. Following the commissioning of a 10.4 km gas pipeline project, 209 households at Mnazi Mmoja were also commissioned to enable the customers to start using natural gas for cooking. Additionally, during the period, TPDC and REA negotiated and signed a contract to allow fund disbursement for financing a project for connecting another 451 households to the gas supply network for cooking at Mnazi Mmoja, Lindi as well as 529 households at Mkuranga, Pwani. The contract is worth TZS 6,817,284,882.95 and the project will be implemented in the financial year 2023/24.

A project for connecting a new industrial customer to the gas supply network, Sapphire Float Glass in Mkuranga, was completed in Coast Region. Activities related to survey for the required gas supply infrastructure as well as undertaking detailed engineering designs and cost estimates to connect another new industrial customer in Mkuranga, Keda Float Glass, was completed. A project for construction of the gas supply infrastructure to connect Keda will be implemented in the next financial year.

In Dar es Salaam Region, a project for construction of a 12.4 Kilometre natural gas distribution pipeline from Mwenge to Mbezi Beach, including connecting two industrial customers and six hotels, reached a milestone of 71.2% by the end of the financial year. Procurement process for a contractor to undertake material procurement and construction of 3 CNG stations (one mother CNG station at the leased land of University of Dar es Salaam, two CNG daughter stations for receiving and storing CNG for utilization of gas at the Muhimbili National Hospital, Upanga area in Ilala and Kairuki Pharmaceutical Industry in Kibaha), were finalised. A construction contract between TPDC and the CNG contractor was signed in May 2023. Further, a total of three (3) Gas Sales Agreement (GSA) were negotiated and concluded with industrial customers which are Sapphire Float Glass Industry, Chemi and Cotex Industry. In addition, a total of four (4) GSA were negotiated and concluded with hotel customers who are Ramada Resort by Wyndham Dar es Salaam, Giraffe Hotel, Jangwani Sea Breeze and Serene Beach Resort.

In the next financial year of 2023/24, Downstream Natural Gas Operations will continue to undertake the following activities:

i. Continue to supply natural gas to all connected customers (power generation plants, industries and commercial/non-commercial institutions as well as households,

ii. Construction of one mother CNG station in Dar es Salaam and two daughter stations (one at Muhimbili National Hospital and another at Kairuki Pharmaceutical Industry in Kibaha),

iii. ESIA for the planned Ntorya - Madimba raw gas pipeline,

iv. Design and cost estimates for the planned Ntorya - Madimba raw gas pipeline,

v. Construction of of gas supply network for 451 households to the gas supply network for cooking at Mnazi Mmoja, Lindi as well as 529 households at Mkuranga, Pwani,

vi. Construction of gas supply infrastructure to connect Keda Float Factory,

vii. Survey for the required gas supply infrastructures as well as undertaking detailed engineering designs and cost estimates for new households to be connected under REA fund at Ikwiriri Pwani, Mnazi Mmoja Lindi and Mkuranga Pwani. REA has set aside in the 2023-24 Budget a total of TZS 18.5 billion to continue support gasification projects for cooking in rural areas, and

viii. Undertake market studies to initiate new projects in Kibaha, Mkuranga and Kigamboni.

2: Downstream Oil Trading Operations

During the period under review the following activities were achieved:

i. Bulk Oil Importation Operations

During 2022/23, the Corporation imported 286,372.56 MT of diesel equivalent to TZS 782,963,572,433.94 through tenders won for the July and November 2022 supply. The main constraints that hindered participation is having a limited number of tier 1 suppliers. TPDC has re-engaged tier 1 suppliers including but not limited to ADNOC, Emirates National Oil Company (ENOC), Kuwait National Oil Company (KPC), Saudi Aramco, OQ Trading (formerly known as Oman Oil Company) and others to establish and improve business relationships hence participation in BPS tenders expectedly from October 2023.

ii. The East African Crude Oil Pipeline Project (EACOP)

The implementation phase for the East African Crude Oil Pipeline Project (EACOP) began after the signing of the Host Government Agreement in May 2021. The overcharging mandate for shareholders of the EACOP Ltd to execute the Project was the signing of the Shareholders Agreement on 4th November 2021. TPDC is among four shareholders of EACOP Ltd with an equity interest of 15%. Other shareholders are; Total Energies Holding EACOP SAS (62%), Uganda National Oil Company (15%) and CNOOC Limited (8%). On 1 February 2022, Shareholders of the company declared Final Investment Decision (FID).

In the financial year 2022/23, TPDC and EACOP Company collaboratively continued delivering critical path milestones for the Project which achieved 25.5% of its overall implementation. Individual activity that contributed to the overall performance included: reaching out to 9,800 PAPs for Entitlement Briefing and Compensation Agreements signing which account to 99% of 9,898 corridor PAPs compared to 615 (6.2%) PAPs reported in June 2022; Erection of the Thermal Insulation Coating Plant earned 100% progress and 74% for side wall installation;

Construction activities for the Marine Storage Terminal progressed well at various stages with detailed engineering earned 54%; Engineering design for the Jetty earned 54% progress. Geotechnical investigations for the main camp sites and Above Ground Installations (AGIs) completed; TPDC completed cadastral survey for six AGIs sites and obtained the Right of Occupancy.

Alongside implementation of the project, during the year TPDC paid part of its equity investment to the company amounting to USD 164.28 million (53%) compared to USD 95.43million (31%) reported in June 2022. TPDC is supposed to contribute USD 308 million which is 15% of the total required project equity estimated at USD 2.0 billion. TPDC will continue to honour its equity contribution as per Shareholders Agreement for the rest of the contribution period.

In the year 2023/24, TPDC will continue to work with the Project Company in delivering key project milestones including continuing paying own equity share; completing cadastral survey for 1,147km project's corridor; commissioning of the TIS plant; managing procurement and delivery of the pipelines; supervising actual construction of the pipeline with aim of earning 75% of the project overall schedule by the year end.

iii. Strategic Petroleum Reserve (SPR)

TPDC is planning to own storage facilities in different strategic areas in the country. During the year 2023/24 TPDC will conduct a pre-feasibility study of storage facilities in different strategic areas. Projects Implementations as per the pre-feasibility study are expected to commence in July 2024.

3: Midstream Natural Gas Operations

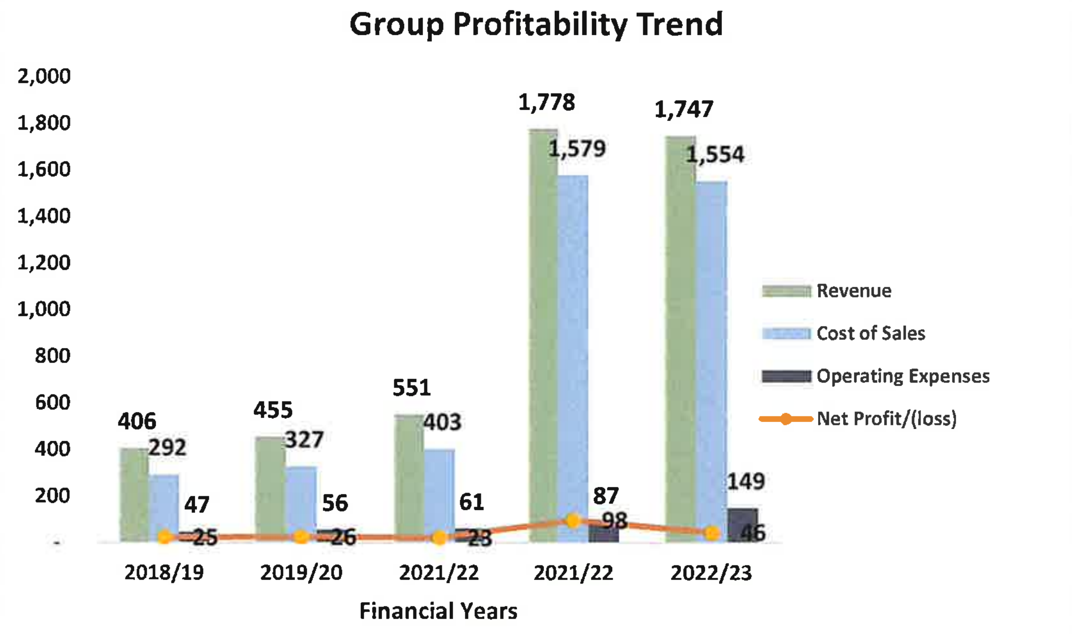
The Corporation owns natural gas processing plants and pipelines which are operated and maintained by its subsidiary company (GASCO). The plant facilities are located at Madimba (Mtwara region) and Songo Songo (Lindi region) with the capacity of processing 210 MMSCFD (3trains) and 140 MMSCFD (2 trains) respectively. The pipeline infrastructures consist of a 36", 24" and 16" -pipelines with the length of 551km from Mtwara and Songo Songo to Dar es Salaam designed to transport 784 MMSCFD of natural gas and up to 1,002MMSCFD with introduction of compression facility. Additionally, GASCO operates a number of other medium and low-pressure pipeline networks and the associated facilities used to transport natural gas to power, industrial, domestic and CNG customers in Dar es Salaam, Mtwara, Lindi and Coast regions.

Assurance of gas availability for downstream customers is the foremost function of GASCO on behalf of TPDC. During the year under review, prudent operations and maintenance of the infrastructures were conducted and the NNGI was maintained at 100% availability. A total volume of 45,988.04 MMSCF of natural gas was received for processing, whereby Madimba plant received 32,738.51 MMSCF from the Mnazi bay gas field while the Songo Songo plant received 13,249.53 MMSCF from the Songo Songo gas field. The total quantity of 45,724.17 MMSCF was exported through the pipeline to customers. The Madimba and Songo Songo processing plants exported total gas volumes amounting to 32,636.11 MMSCF and 13,088.06 MMSCF respectively. In addition, a sum of 3,062 tons of condensate were produced from both Madimba and Songo Songo processing plants.

2.5 FINANCIAL PERFORMANCE FOR THE YEAR

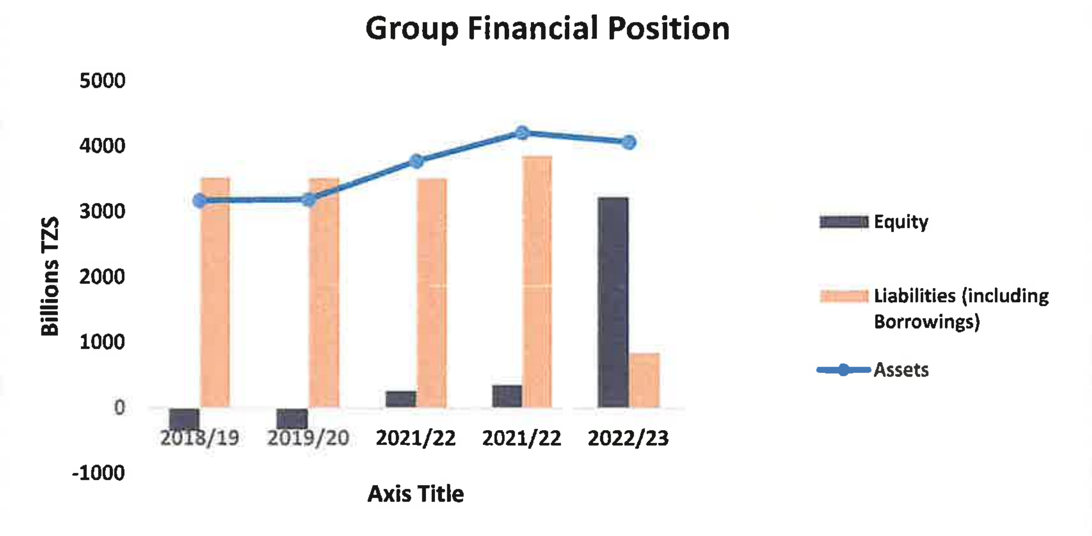
TPDC continued to be a profit-making organization, despite the temporary TANOIL's trading losses which have contributed to a slight decline in the group financial performance for the year ended 30 June 2023 compared to the previous year. During the financial year 2022/23, the Group's total revenue slightly decreased by TZS 30.82 billion to reach TZS 1.75 trillion compared to TZS 1.78 trillion recorded in 2022. The decrease in revenue was mainly attributed to a decrease in fuel quantity sold by TANOIL. During the financial year 2022/23 revenue generated from sales of natural gas was TZS 614.60 billion compared to TZS 549.28 billion recorded in previous year. The increase is due to high gas demand from anchor customer TANESCO and gas connection to new customers. Also, revenue earned from oil business declined by TZS 104.89 billion recorded during the year 2022/23 from TZS 1.17 trillion to TZS 1.06 trillion accounted for during the year 2022/23, whereby TZS 751.97 billion was revenue from the bulk oil business, and TZS 309.64 billion was revenue generated from oil marketing business through TANOIL.

The Group's net profit for the financial year 2022/23 is TZS 47.25 billion while in 2021/22 the group recorded a net profit of TZS 97.78 billion. During the year 2022/23, separate financial statements show the Corporation recorded a net profit of TZS 128.19 billion (2022: TZS 105.24 billion) As for the subsidiaries TANOIL has recorded a net loss of TZS 76.56 billion (2022: a loss of TZS 7.94 billion) while GASCO has a net loss of TZS 4.6 billion (2022: a profit of TZS 277 million). The chart below depicts the Group's profitability trend from the financial year 2018/2019 to 2022/2023.

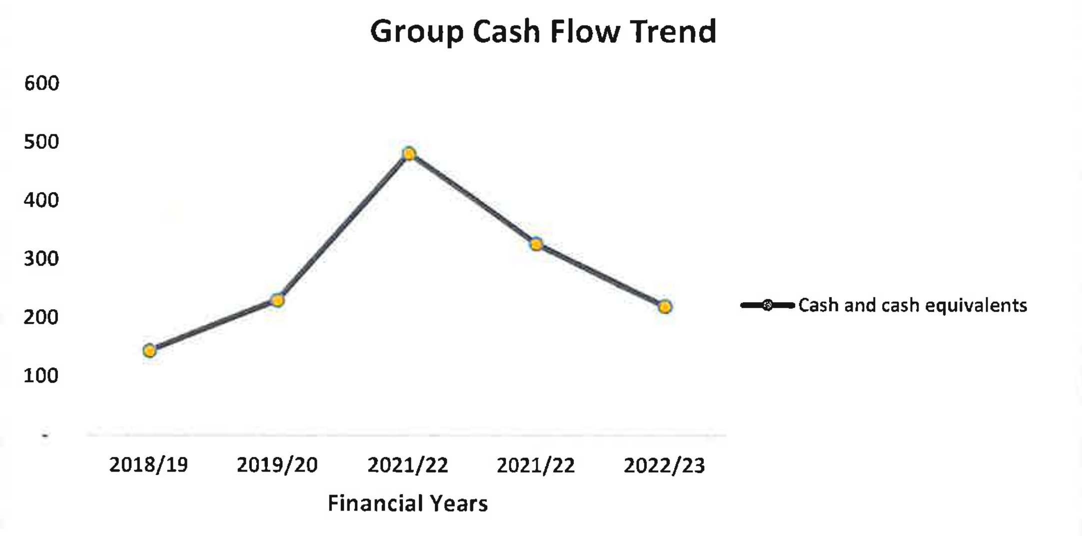


The Group's total assets as of 30 June 2023 stood at TZS 4.07 trillion compared to TZS 4.21 trillion recorded in 2022. The decrease in assets has been caused by the decrease of both current assets and other non-current assets. Also, trade and other receivables decreased by TZS 115.70 billion from TZS 1.1 trillion in 2022 to TZS 978.84 billion in 2023.

At the end of the financial year 30 June 2023, total equity and reserves was TZS 3.22 trillion compared to TZS 352.22 billion reported in the financial year 2022. The change is attributed to the conversion of the Exim Bank loan into the Government's equity, Government's investment in EACOP through TPDC and profit recorded during the year. The total liabilities for the period stood at TZS 841.99 billion compared to TZS 3.86 trillion reported in the previous year. The decrease in liabilities is also mainly caused by the conversion of the Exim Bank loan into the Government's equity and a decline in trade and other payables. The chart below shows the Group's financial position trend from the financial year 2018/19 to 2022/23.



The Group closed with cash and cash equivalents amounting to TZS 220.57 billion compared to TZS 327.80 billion reported in the year 2021/22, a decrease of TZS 107.23 billion. The decrease in cash balance resulted from the funds transferred to EACOP from TPDC's own source as equity contribution to EACOP. The Group's cash flow mainly depends on cash generated from operating activities. During the year, the Group's net cash outflow from operating activities was TZS 12.86 billion while net cash outflow from investing activities and net cash inflow from financing activities was TZS 171.32 billion and TZS 72.05 billion respectively. The available cash balance at the end is committed to settle capital expenditure related to development projects including LNG, EACOP, Mnazi Bay North exploration project, Eyasi Wembere and Gas distribution project. The graph below shows the Group's Cash flow trend from financial year 2018/2019 to 2022/23.



The table below highlights key financial performance indicators for the financial year 2022/23.

S/N	Description	2023/2022	2021/2022	2020/2021
	Liquidity Ratios			
1	Current ratio	1.53	1.29	1.67
2	Quick ratio	1.50	1.26	1.55
	Profitability Ratios			
3	Revenue Growth (%)	(1.73%)	222%	21%
4	Gross Profit Margin (%)	11%	11%	27%
5	Net Profit Margin	2.64%	5%	4%
	Leverage Ratios			
6	Debt to Assets ratio	0.21	0.92	0.93
	Debt to Equity ratio	0.26	10.96	13.68

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

(i) Liquidity Ratios.

The above ratios measure the ability of the company to meet its short-term obligations when they fall due. During the year ended 30 June 2023 the ability of the Group to meet its short-term obligations was favourable since both current and quick ratios are above 1.

(ii) Profitability Ratios.

The ratios indicate how the company can generate profit out of its business activities. The information shows that in 2022/23 the Group continued to make a profit despite a slight decrease I revenues as compared to the previous year of 2021/22.

(iii) Leverage Ratios.

The ratio indicates the extent to which the company's assets are financed by equity and debt. The above ratios show that the Group assets are largely financed by equity. The ratio of 0.05 means that only 5 percent of the Group's assets are financed by debt.

Dividend

During the year the Group declared and paid a dividend of TZS 2.7 billion to the Government, through the Office of Treasury Registrar (OTR). The same amount was paid in the year 2021/22.

Remittance to the Oil and Gas Fund

Pursuant to provisions of the Oil and Gas Revenue Management Act, 2015, the Group remitted a sum of TZS 72.10 billion to the oil and gas fund maintained at the Central Bank of Tanzania (2022: TZS 62.84 billion). These funds comprise of government share of profit gas and royalty resulting from upstream operations in the gas producing fields at Mnazi bay and Songo Songo Island.

Other key achievements

During the year under review, the Corporation attained the following key achievements:

i. Completed data acquisition, processing and interpretation of surface geochemical data, confirmed the existence of a working petroleum system within the Block and has aided in identifying the specific areas that warrant further exploration for Eyasi-Wembere Block.

ii. Procured a contractor for acquiring 260-line km of 2D seismic data, and a consultant for data QC for Eyasi Wembere Block. Initial preparation for data acquisition has commenced including scouting exercises on the newly planned lines, road risk assessment for mobilization, acquiring a suitable camp location, Identification and assessment of main project hazards.

iii. Reviewed geological and geophysical data with a consultant for West Songo Songo to reassess the prospectivity of the block and confirm two main drillable prospects (Afisi and Chocha).

iv. Concluding HGA negotiation between the Government Negotiation Team (GNT) and International Energy Companies (IECs) for Blocks 1, 2 & 4, The team agreed that all contracts should go to the decision levels of all parties to obtain approvals.

v. Initialled the key terms of the Host Government Agreement (HGA) on 11 June 2022 for the LNG Project. Final HGA is anticipated to be concluded during the financial year 2023/24.

vi. Completion of 3rd Party Resource Verification for blocks 1, & 4 by Shell and Block 2 by Equinor.

vii. Concluded four (4) Gas Sales Agreements (GSAs) with Muhimbili National Hospital, Kairuki Pharmaceutical Industries, Raddy Fiber, and GSM.

viii. Constructed 8.65 km distribution network, hence making a total of 24.95km (8.6km trunk line 16.35km distribution line) gas distribution network with the capacity to connect 3,000 households in Mtwara.

ix. Constructed 16.2 km distribution network with the capacity to connect over 5,000 households in Lindi.

x. Constructed an additional of 16.5km distribution network, making a total of 23.365 km gas network with the capacity to connect over 10,000 households in Dar es Salaam.

xi. Conducted Fourteen (14) CSR programs in Mtwara, Tabora, Kilimanjaro, Mara, Njombe, Lindi, Pwani and Dar es Salaam regions.

xii. The Government of Tanzania (GoT) and the IECs successfully signed the Heads of Agreement for the LNG project.

2.6 CORPORATE GOVERNANCE

The Board of Directors

The 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 Board also takes overall responsibility for the Corporation, including responsibility for identifying key risk areas, monitoring investment decisions, financial matters and reviewing the performance of management business plans and budgets.

The 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.

On 20 May 2022 the President of the United Republic of Tanzania appointed Hon. Ambassador Ombeni Y. Sefue, Retired Chief Secretary of the United Republic of Tanzania as a new Board Chairman. Consequently, on 10th June 2022, the Minister of Energy, appointed eight members to the Board of Directors and inaugurated it on 4th July 2022.

The Board delegates the day-to-day management of the business to the Managing Director assisted by the senior management team. The Managing Director holds an executive position in the Corporation. Senior Management members are invited to attend Board meetings.

They facilitate effective control of all Corporation's operational activities, acting as a medium of communication and coordination between various business units.

The Corporation is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability.

The Board of Directors of the Corporation as at 30 June 2023 are:

Name	Gender	Position	Nationality	Discipline
H.E. Amb. Ombeni Yohana Sefue	M	Chairman	Tanzanian	Diplomat
H.E. Amb. Peter Allan Kallaghe	M	Member	Tanzanian	Diplomat
Adv.Protase R. Ishengoma	M	Member	Tanzanian	Legal Practitioner
Eng. Charles Omujuni	M	Member	Tanzanian	Engineer
Ms. Zuhura Sinare Muro	F	Member	Tanzanian	Human Resources Consultant
Mr. Dismas Alphonce Fuko	M	Member	Tanzanian	Project Financial Modelling Consultant
Mr. Salvator Joseph Ntomola	M	Member	Tanzanian	Geoscientific and Investment Advisor
Mr. Paul Deo Makanza	M	Member	Tanzanian	Corporate Finance Expert
Ms. Ruth Henry Zaipuna	F	Member	Tanzanian	Certified Public Accountant
Mr. Mrisho Shabani Mrisho	M	Member	Tanzanian	Certified Public Accountant

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

i. 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 Board all issues relating to:

a) Audit matters;

b) Financial matters, PSA and Contract Administration;

c) Risk matters;

d) Compliance matters;

e) Procurement matters; and

f) Governance and related matters directed by the Committee.

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

S/N	Name	Position
1	Dismas A. Fuko	Chairperson
2	Ruth H. Zaipuna	Member
3	Mrisho S. Mrisho	Member
4	Peter L. Mwambuja	Member

ii. Nomination and Compensation Committee

The Nomination and Remuneration Committee has the delegated authority of the Board in respect of the functions and powers vested to the Committee. The role of the Committee is to assist the Board in fulfilling its responsibility to the shareholder to ensure that nominations and remunerations policies and practices are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements, and executive remuneration is aligned to company purpose and values and linked to the delivery of the long-term strategy. In particular, the Committee shall provide advice to the Board on all matters, including executive development, recruitment, setting the policy for the remuneration, promotion, determining targets for performance-related and determining the individual remuneration package, and where appropriate, salary, bonuses, pensions, incentive payments and all administrative matters.

Members of the Nomination and Compensation Committee comprise of the following directors:

S/N	Name	Position
1	Zuhura Sinare	Chairperson
2	Protase R. Ishengoma	Member
3	Amb. Peter A. Kallaghe	Member

iii. Investment and Business Development Committee

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

a) Planning and budget matters;

b) Investment matters;

c) Local Content matters;

d) Marketing matters;

e) Monitoring and delivery;

f) ICT and Statistics; and

g) Corporate and public relations and related directed by the Committee.

Members of the Investment and Business Development Committee are as follows:

S/N	Name	Position
1	Paul D. Makanza	Chairperson
2	Protase R. Ishengoma	Member
3	Eng. Charles Omujuni	Member
4	Zuhura Sinare Muro	Member
5	George Kibakaya	Member
6	Salvator Ntomola	Member

iv. Safety, Environment and Sustainability Committee

The Safety, Environment and Sustainability Committee is responsible for assisting the Board in fulfilling its oversight responsibilities on health, safety, environment and sustainability issues. Specifically, it will monitor and assess the adequacy and effectiveness of internal controls and compliance with Health, Safety, Social and Environment (HSSE) Standards and International Petroleum Industry Standards. Further, the Committee shall be responsible for ensuring that the day-to-day corporation activities build and support the long-term sustainability of the core business. Members of the Safety, Environment and Sustainability Committee are:

S/N	Name	Position
1	Salvator J. Ntomola	Chairman
2	Paul D. Makanza	Member
3	Amb. Peter A. Kallaghe	Member
4	Eng. Charles S. Omujuni	Member

Management

Management of the Corporation is under the Managing Director and is organized in the following directorates and units:

Directorates

- Exploration, Development and Production;
- Oil and Gas Business;
- Planning and Investment; and
- Finance and Administration.

Units

- Procurement Management;
- Public Relations and Communication;
- Risk Management;
- Internal Auditing;
- Legal Services; and
- Information Communication Technology and Statistics.

The Management team as of 30 June 2023 comprises of the following members;

Name	Position
Mr. Mussa Mohamed Makame	Managing Director
Mr. Francis M. Mwakapalila	Director of Finance and Administration
Mr. Kenneth Mutaonga	Director of Exploration, Development and Production
Dr. Mpambika William Chiume	Director of Petroleum Business
Mr. Derick August Moshi	Director of Planning and Investment
Mr. Gabriel L. Mwero	Director of Internal Audit Unit
Dr. Elias T. Mwashiuya	Director of Legal Services Unit
Mr. Edwin J. Riwa	Head of Procurement Management Unit
Mr. Renatus E. Nyanda	Head of Risk Management Unit

Name	Position
Mr. David L. Kidenya	Head of ICT and Statistics Unit
Ms. Marie F. Msellemu	Head of Public Relations and Communication Unit

2.7 CAPITAL STRUCTURE

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

Share capital	2023 TZS 'm	2022 TZS 'm
Authorised: ordinary shares		
2,500 ordinary shares of TZS 1,000,000 each	**2,500**	2,500
Issued and fully paid:		
2,208 ordinary shares of TZS 1,000,000 each	**2,208**	2,208

All the issued and fully paid shares are held by the Treasury Registrar on behalf of the Government of the United Republic of Tanzania (URT).

Equity contribution from the government

	2023 TZS 'm	2022 TZS 'm
At start of year	**444,100**	444,100
Received during the year	**75,485**	-
Borrowing conversion to equity	**2,752,073**	-
At end of year	**3,271,658**	444,100

Equity contribution from Government represents net capital contributions received from the Government. During the year, TPDC received TZS 75.49 billion from the Government in respect of EACOP investment. Also due to the decision of the minister's cabinet, Exim China bank loan of TZS 2,752 billion in respect of natural gas infrastructure was converted to an advance toward share capital as seen above.

2.8 RISK MANAGEMENT OBJECTIVES AND POLICIES

(i) Credit Default Risk

TPDC implements an integrated risk management framework applicable to all business processes, including its subsidiaries. The framework sustains value creation by facilitating continual consideration of all relevant risks and opportunities in oil and gas activities pursued by the Corporation. This approach ensures an acceptable risk profile is maintained at all times.

The Board of Directors, through 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 Corporation.

TPDC faced several risk factors during the year 2022/23. The most critical risks are briefly described in the following nine categories;

(ii) Strategic Risk

The corporation saw the addition of another element of strategic focus during the year, highlighted by the significant progress in strategically important projects, including LNG and EACOP. These upcoming large projects complement the existing priority projects and give rise to unique strategic threats, albeit with immense potential benefits. Appropriate risk assessments were done, particularly regarding the formation of TPDC's LNG subsidiaries, to help inform strategic decision-making. Further, to address oil marketing business strategy-related risks, appropriate steps were initiated to revamp the business plan to enhance efficiency and profitability in that business line. The corporation has also begun exploring ways to integrate ESG aspects into its activities, given its growing strategic importance in international business.

(iii) Financial Risk

The corporation's finances continued to be exposed to threats from financial markets, volatilities and other factors. Also, significant natural gas sales to a few customers with unsatisfactory payment records, such as TANESCO, continued to pose a major financial risk. Although TPDC, as a mother company, continued to implement sound financial management practices, issues around financial management in the oil marketing arm of the corporation increased the chances of financial underperformance during the year. This risk is adequately addressed by reviewing the oil marketing business's overall financial and marketing management approach. Further, the corporation's loan default risk improved markedly following the conversion of the NNGI loan into Government equity.

(iv) Operational Risk

Operational threats continued to be intrinsic in TPDC's operations during the year. The main drivers of this risk include the complexity of activities, particularly upstream and downstream projects, which multiple factors can easily hinder. Additionally, rare but plausible incidents, such as pandemics, massive floods, or earthquakes, could stall field operations. The corporation continued to implement measures, including adequate staff recruitment and training to limit the chances of occurrence of operational risk from internal factors.

Further, the corporation faced limited security threats during the year, which could lead to various impacts like degradation of natural gas pipeline integrity or even loss of lives.

These threats were properly dealt with, and sound security monitoring arrangements are being implemented.

Moreover, the corporation continued the implementation of BCMS by preparing the necessary policy and operating documents for critical processes to ensure quick operational resumption in case of adverse events. On the other hand, the corporation continued to spearhead the ISO certification process, which will improve operating practices.

(v) HSSE and Sustainability Risk

TPDC's activities continued to be inherently vulnerable to adverse HSSE incidents. This exposure was mainly instigated by the flammable state of the main products traded - natural gas and oil. Further, the operation and maintenance of natural gas and oil infrastructure, including natural gas processing plants, large countrywide natural gas transmission and distribution networks, and retail oil outlets, was another critical element of exposure to possible HSSE incidents. The corporation implemented an effective HSSE policy and exhibited impressive management of this risk, as there were no major incidents during the year. In addition, the corporation took another major step to strengthen HSSE compliance across the corporation by initiating the process of forming an independent HSSE and Sustainability Unit.

(vi) Reputational Risk

As a major public corporation with enormous responsibilities in the energy sector in Tanzania, TPDC remained uniquely relevant to matters that can impair its perception among stakeholders. Issues relating to mismanagement, ethical misconduct, and others can seriously harm stakeholders' perception of the corporation. Appropriate measures were continually taken to curb possible reputation damage.

(vii) Legal and Regulatory Risk

The dynamic nature of relevant policies and the legal and regulatory landscape remained a considerable risk to the corporation. Specific policy changes could force the corporation to frequently adjust its long-term strategies, thus affecting its capacity to achieve goals in a consistent manner effectively. To address this risk, the corporation regularly reviews applicable policies, laws, and regulations to explore the best ways to ensure compliance to enhance overall performance. Further, the Directorate of Legal Services (DLS) continued to engage relevant stakeholders to align specific legal and regulatory stipulations to improve smooth operations in line with the corporation's mandate.

(viii) Cybersecurity Risk

The corporation utilizes ICT systems in nearly all operations, including critical activities such as natural gas processing and exploration data storage. Given the lucrative nature of the oil and gas business and the technological advancement of our foreign competitors, a possibility of malicious intrusion into our ICT systems always existed. ICTS Unit continued to implement steps to help safeguard our critical systems and data, considering the criticality of oil and gas in the economy and energy security of the country.

(ix) Technology Risk

The overwhelming reliance on a few suppliers for critical technologies and equipment exposed the corporation to technology risk. Through its ICT and PMU units, the corporation continued to explore ways to address this challenge.

(x) Geo-political Risk

Political, economic, and military confrontations among nations, including the Russia-Ukraine war, posed direct and indirect threats to TPDC. Adverse commodity and financial market developments and economic and trade sanctions among nations impacted energy companies and key energy sector services providers such as shipping and insurance companies. This situation raised the uncertainty level in our operations, especially concerning the procurement of spare parts and surging oil prices. Geo-political risks have been monitored to safeguard the corporation's interest.

2.9 INTERNAL CONTROLS

The significant features of internal control systems include, but not limited to, preparation of annual plan and budget, regular monitoring of budget implementation, control of transactions processing; and documented policies, regulations, procedures and guidelines. The level of effectiveness and adequacy of internal controls is regularly tested by Internal Auditors through implementation of the annual risk based internal audit plan. Furthermore, there is a formal risk management framework which is based on ISO 31000:2018. The framework supports the proactive approach to manage risks and optimize opportunities.

(i) Internal Auditing

Internal auditing is independent in line with the International Professional Practices Framework (IPPF) 2017. It is staffed with different professionals including accountants, geologists and procurement and supplies experts. The skill-mix supports the conduct of the audit processes, including the audit of the entire oil and gas value chain (upstream, midstream and downstream operations). At the start of the financial year, the Internal Audit Unit prepares the annual audit plan after considering business and process risks.

The frequency of the audit is decided by risk ratings of processes. The risk-based audit plan is carried out and periodically reviewed to include areas that have assumed significant risk in line with the emerging industry trends and the growth of the company. The conduct of the audit is in line with the International Professional Practices Framework (IPPF) 2017.

(ii) Audit, Risk and Compliance Committee

This is the Oversight Committee of the Board which comprises Independent Directors. The Committee performs quarterly review of audit reports, significant audit findings, adequacy of internal controls and monitors implementation of audit recommendations (internal and external). The Committee has an approved Charter, which stipulates, among others, the authority, duties and responsibilities.

2.10 SOLVENCY

Management has reviewed the Group and Corporation state of affairs and are of the opinion that the Group and the Corporation will continue operating in a manner that its financial obligations will be met.

2.11 RESOURCES

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

(i) Human Capital

During the year ended 30 June 2023, TPDC had 450 qualified human capital in relevant and different disciplines whereby 345 are male and 105 are female. TPDC increases the number of employees in line with the increase in operations. TPDC has a stable training and development program for enhancing staff capacities through short- and long-term training programs, particularly in the fields of oil and gas. Further details on employee's welfare are included under Note 29.

(ii) Financial Resources

The main sources of corporate funding are Government's budgetary allocations, gas sales and gas tariff income from operations of the National Natural Gas Infrastructure (NNGI). In addition, TPDC earns dividends from investments made in other companies. However, with expanding operations funding is inadequate relative to the planned activities.

(iii) Processing and Transmission Resources

The Corporation owns Madimba and Songo Songo Gas Processing Plants, Mtwara – Dar es Salaam gas transmission pipeline and Ubungo- Mikocheni gas distribution pipeline. The existing natural gas infrastructures are operated and maintained by GASCO, which is one of the two TPDC subsidiary companies.

(iv) Properties

Land

The Corporation owns lands located in various strategic areas for investment purposes. Lands owned include those in Kilwa Masoko and Likong'o in Lindi Region, Chongoleani in Tanga, Zuzu in Dodoma, Kibirizi, Bangwe and Mwanga in Kigoma. Other areas where the Corporation owns lands include Makambako in Njombe; Mpanda; Uyole, Mbeya; Isaka, Shinyanga; Makurunge and Msata, Coastal region and Kigamboni Bitumen site and Mlalakuwa plots in Dar es Salaam.

Other Properties

Some of the properties that are owned by the Corporation are located in various regions in the United Republic of Tanzania. The Corporation has properties in such areas as Upanga, Mikocheni, Mlalakuwa, Msasani, Masaki, Temeke and Kinondoni, in the Dar es Salaam region. Some more properties are in Lindi and Mtwara regions. Other properties include Petrol stations in Makuyuni, Singida, Tarime, Musoma, Geita and Segera areas.

(v) Gas Discoveries and Reserves

Gas discoveries

Following a number of discoveries in onshore and offshore blocks, the total natural discoveries in Tanzania has reached 57.54 trillion cubic feet (TCF). The discoveries are expected to rise further as a result of the ongoing exploration activities in the Country. For the period under review, there were two onshore gas producing fields located at Mnazi bay and Songo Songo Island. TPDC has participating interest in the Mnazi bay field and plans to exercise its right to participate in the Songo Songo gas field.

Gas reserves

(i) Recoverable Gas

Two fields are currently under production i.e. Songo Songo and Mnazi Bay; The Government of Tanzania and TPDC entered in the Production Sharing Agreements (PSAs) with Pan African Energy Tanzania Limited and Maurel & Prom (M&P) for exploration and production of oil and gas over Songo Songo and Mnazi Bay blocks respectively.

TPDC opted to participate in the Joint Operating Agreement (JOA) for Mnazi bay PSA, but it does not participate in the assets of Songo Songo PSA operated by Pan African Energy. The natural gas remaining recoverable reserves at Songo Songo field as per assessment done in December 2022 at P50 confidence level is 536.6 billion cubic feet (BCF). On the other hand, the remaining gas reserves for Mnazi Bay as assessed by independent consultants in December 2022 at P50 confidence level is 243.2 BCF. The summaries of remaining recoverable gas reserves for the two fields as per assessments conducted in December 2022 are as follows:

Confidence Level	Songo Songo Billion Cubic Feet	Mnazi Bay Billion Cubic Feet
1P	457.20	243.2
2P	536.60	449.6
3P	627.00	650.1

As of 30 June 2023, total volumes of gas produced from Songo Songo and Mnazi bay fields are 558.09BCF and 204.32 BCF respectively.

Up to the end of the period under review, gas discoveries i.e. Gas Initial in Place (GIIP) for both offshore and onshore fields is 57.54 TCF of which 47.54 TCF and 10 TCF are from offshore and onshore respectively.

(ii) Gas Sharing

Gas produced from reserves are shared between the exploration and production companies and TPDC in accordance with sharing tranches as per respective PSAs. Some revenues from these reserves are remitted by TPDC to the oil and gas fund maintained at the Central Bank of Tanzania as per provisions of the Oil and Gas Revenue Management Act, 2015 as described in section 1.11 above.

2.12 RELATIONSHIP WITH STAKEHOLDERS

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

a) Government Ministries, Departments and Agencies (MDA's)

b) The Media

c) Academic and Research Institutions

d) Civil Societies

e) Development Partners

f) Investors

g) Politicians

h) Local Communities in areas where oil & gas activities are being conducted

i) Various suppliers who provide goods and services to the Corporation

j) Natural gas users i.e. power producers, industries, automobiles, institutions and households; and

k) The public.

Services offered by the Corporation include; exploration and production of oil and gas, sales of natural gas, sales of exploration data, provision of government advice on the petroleum sector, sales of petroleum white products, construction of infrastructure - both processing and transportation and selling of condensate.

TPDC meets the expectations of its stakeholders by providing quality products 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 TPDC set standards based on employee's attitude and behaviour, and quality of services to be delivered. These standards mainly focus on Relationship with Corporation Customers, Fairness, Equality, Clarity, Accuracy of Information, and Responsiveness.

2.13 EMPLOYEES' WELFARE

(i) Training facilities/ training and development

TPDC has a stable training and development program. The TPDC Regulations (2008) provides procedures to be followed when implementing the training and development program. Sources of funds are clearly identified to make the program comprehensive. During the year ended 30 June 2023, a total of TZS 3.29 billion was spent to cover for short and long courses both local and abroad as compared to TZS 2 billion spent in the year ended 30 June 2022. Training expenses are disclosed as part of other expenses within Note 28.

(ii) Medical Assistance

All TPDC staff are included in the health insurance scheme. The National Health Insurance Fund (NHIF) which is a mandatory Government health scheme provides medical services to TPDC Staff. Both the employer and employee contribute 3% each of the basic salary to NHIF. The Corporation has improved medical services to staff by entering a separate contract with the NHIF for the supplementary scheme where staff together with their dependents are getting all medical services including those which are not covered with the use of the standard NHIF cards. The supplementary medical services started in May, 2023.

(iii) Persons with disabilities

TPDC adheres to disability policy which responds to the National Disability Policy (2004) requiring all government institutions, families, relatives, local government and non-governmental organizations to care for disabled persons. TPDC ensures that people with disabilities have access to the Corporation facilities and environment, comparable to that of their non-disabled peers. The policy recognizes that disabled staff and members of the community are an integral part of the Corporation community.

(iv) Employees' Benefit Plans

During the year, the Corporation paid TZS 1.432 billion (2022: TZS 1.31 billion) as contributions to publicly administered Pension plans (i.e. Public Service Social Security Fund (PSSSF) and National Social Security Fund (NSSF). See Note 29 to the financial statements for further details.

(v) Saving and Credit Cooperative Society

TPDC has its SACCOS of which any TPDC staff is free to join as a member. It provides short- and long-term loans to TPDC Staff. This has lessened the burden of issuing loans and salary advances to staff.

(vi) Gender policy

TPDC is dedicated towards conforming to a national policy on gender balance by adhering to the principles of gender issues. The TPDC Staff Regulations observe principles of gender matters like in employment opportunities, sexual harassment, etc. Gender Policy is included in the staff regulations which is currently under review. During the year ended 30 June 2023, TPDC had 450 employees of which 345 (77%) were male and 105 (23%) were female.

(vii) HIV/AIDS awareness programme

The Corporation has an HIV/AIDS awareness program and measures with an objective to provide an all-encompassing management of HIV/AIDS at the workplace to ensure business continuity. In the year 2022/2023, TPDC conducted an awareness program to the Management and its staff to bring awareness to the employees on HIV/AIDS related issues.

2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

2.14 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 34 to the financial statements.

2.15 CORPORATE SOCIAL RESPONSIBILITY

The Corporation upholds good Corporate Social Responsibility (CSR) practices. It identifies itself with the community within which it operates and cultivates harmonious relationships to acquire social license to operate with all such communities. The Corporation's CSR practices during the year ended 30 June 2023 covered areas including public health, education, sports and good governance and amounted to TZS 191,228,400 as per details in the table below. These are included under Note 28 as part of other expenses.

No	Intervention Areas	Program/Project supported.	Beneficiaries	Project Cost (TZS)
1.	Good governance	Amplifying Government initiative in bringing Development in Lindi Region	RC Office Lindi	4,500,000
2.	Good Governance	Training on Empowering Women against Poverty	Equal opportunities for all trust fund	37,700,000
3.	Good Governance	Contribution for construction of Madimba Ward Office.	Madimba Ward, Mtwara	20,000,000
4.	Good governance	Contribution for construction of Mkwalia Kitumbo street Office.	Mkwalia Kitumbo street Office, Mkuranga	8,630,000
5.	Good governance	Contribution for construction of Ulongoni A Street Office	Ulongoni A Street Office,Kinyerezi.	7,204,000
5	Good Governance	Contribution for renovation of Nzasa Street.	Nzasa Street Dar es Salaam	2,328,000
6.	Education	Contributing to the construction of three classrooms at Mnolela Primary	Mnolela P/S, Dar es Salaam	20,000,000
6	Education	Contribution for construction of dormitories for students with disabilities at Mzambarauni Primary	Mzambarauni P/S Dar es Salaam	9,284,400
7	Education	To sponsor Production of Public education media programs to Government institution conducted by TBC	TBC	10,000,000
8	Education	Contribution to the construction of two classrooms and Office for Nursery School at Mohoro.	Shela Village Office,Rufiji	18,582,000
9	Health	Contribution to the construction of Dispensary at Mtendachi village, Mtwara	Mtendachi Village Mtwara	20,000,000
11.	Health	Contribution to facilitate the African Food System Forum		10,000,000
12.	Health	Sponsoring charity run to support disabled at MOI	MOI,Dar Es Salaam	10,000,000
13.	Health	Contribution to Women National team and Disability National team		10,000,000

2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

No	Intervention Areas	Program/Project supported.	Beneficiaries	Project Cost (TZS)
14.	Health	Contribute to the exercise of health Check at Ruangwa		3000000
	Total Amount			**191,228,400**

2.16 AUDITORS

The Controller and Auditor General (CAG) is the statutory auditor of the Corporation 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 R.E 2021]. However, in accordance with section 33 (1) of the same Act, PricewaterhouseCoopers and National Audit Office will jointly carry out the audit of Tanzania Petroleum Development Corporation for the year ended 30 June 2023.

2.17 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 Corporation 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 Corporation.

By order of the Board of those charged with Governance

H.E. Amb. Ombeni Y. Sefue
Chairman

Date: 31/01/2024

Mussa Mohamed Makame
Managing Director

Date: 31/01/2024

3 STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2023

The Directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of Tanzania Petroleum Development Corporation comprising the consolidated and separate statements of financial position as at 30 June 2023, and the consolidated and separate 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 International Financial Reporting Standards (IFRS) and the manner required by Public Corporations Act, 1992.

The Directors are also responsible for such internal control as Directors determine is necessary to enable the preparation of the consolidated and separate 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. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors have assessed the Corporation and Group's ability to continue as a going concern and have disclosed the facts under Note 2 of these financial statements. They have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of Financial Statements

The consolidated and separate financial statements of Tanzania Petroleum Development Corporation and its subsidiaries, as identified in the first paragraph, were approved by the Board of Directors and signed on its behalf by:

H.E. Amb. Ombeni Y. Sefue	**Mussa Mohamed Makame**
Chairman	**Managing Director**
Date: 31/01/2024	Date: 31/01/2024

4 DECLARATION OF HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2023

The National Board of Accountants and Auditors (NBAA) according to the power 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 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 Senior Management as under Management's Responsibilities statement on an earlier page.

I, **Francis Misana Mwakapalila,** being the Director of Finance and Administration of Tanzania Petroleum Development Corporation hereby acknowledge my responsibility of ensuring that consolidated and separate financial statements for the year ended 30 June 2023 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: Director of Finance and Administration

NBAA Membership No.: ACPA (T) 1400

Date: 31/01/2024

5 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCAL POSITION AS AT 30 JUNE 2023

		GROUP		CORPORATION	
		2023	2022	2023	2022
Assets	**Note**	**TZS 'm**	**TZS 'm**	**TZS 'm**	**TZS 'm**
Non-current assets					
Property, plant and equipment	5	**2,202,357**	2,267,052	**2,200,344**	2,265,257
Natural gas properties	6	**39,439**	42,734	**39,439**	42,734
Investment properties	7	**5,138**	4,184	**5,138**	4,184
Intangible assets	8	**14,102**	14,627	**13,953**	14,391
Investment in subsidiaries	9	**-**	-	**105,698**	83,114
Investment in associate	10	**435,288**	281,243	**435,288**	281,243
Right-of-use asset	11	**3,633**	-	**3,633**	-
Escrow funds	12	**140,398**	138,991	**140,398**	138,991
		2,840,355	2,748,831	**2,943,891**	2,829,914
Current assets					
Inventories	13	**26,561**	35,719	**1,251**	922
Trade and other receivables	14	**978,840**	1,099,300	**993,153**	1,069,752
Cash and cash equivalents	15	**220,569**	327,797	**212,269**	297,169
		1,225,970	1,462,816	**1,206,673**	1,367,843
Total Assets		**4,066,325**	**4,211,647**	**4,150,564**	**4,197,757**
Equity and Liabilities					
Equity					
Share capital	16	**2,208**	2,208	**2,208**	2,208
Equity contribution from GoT	17	**3,271,658**	444,100	**3,271,658**	444,100
Revaluation reserve	17	**452,042**	452,042	**452,614**	452,614
Retained earnings		**(501,582)**	(546,130)	**(412,831)**	(538,323)
Total equity		**3,224,326**	352,220	**3,313,649**	360,599
Liabilities					
Non-current liabilities					
Deferred tax liability	18	**-**	30	**-**	-
Borrowings	19	**-**	2,688,702	**-**	2,688,702
Government grant and assistance	20	**38,096**	38,333	**38,096**	38,333
Lease liability	11	**3,106**	-	**3,106**	-
Asset retirement obligation	21	**2,166**	1,864	**2,166**	1,864
		43,368	2,728,929	**43,368**	2,728,899
Current liabilities					
Borrowings	19	**630,192**	691,405	**630,192**	691,405
Lease liability	11	**719**	-	**719**	-
PSA cash calls commitments	22	**1,579**	1,026	**1,579**	1,026
Trade and other payables	23	**157,881**	432,347	**152,725**	410,106
Income tax payable	18	**8,260**	5,720	**8,332**	5,722
		798,631	1,130,498	**793,547**	1,108,259
Total liabilities		**841,999**	3,859,427	**836,915**	3,837,158
Total equity and liabilities		**4,066,325**	4,211,647	**4,150,564**	4,197,757

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

H.E. Amb. Ombeni Y. Sefue
Chairman

Date: 31/01/2024

Mussa M. Makame
Managing Director

Date: 31/01/2024

Date:.. Date:...

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023

		GROUP		CORPORATION	
		2023	2022	2023	2022
	Note	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Revenue	25	**1,747,115**	1,777,938	**1,471,851**	1,194,054
Cost of sales	26	**(1,554,117)**	(1,578,596)	**(1,279,390)**	(1,026,276)
Gross profit		**192,998**	199,342	**192,461**	**167,778**
Other income	27	41,837	44,500	32,909	44,307
Impairment (loss)/reverse on trade receivables		**(17,345)**	23,926	**5,412**	23,926
Operating expenses	28	**(134,721)**	(87,222)	**(67,266)**	(47,965)
Operating profit		**82,769**	180,546	**163,516**	188,046
Finance cost	31	**(1,014)**	(75,729)	**(894)**	(75,729)
Share of (loss)/profit from associate	10	**(3,030)**	10,167	**(3,030)**	10,167
Profit before tax		**78,725**	114,984	**159,592**	122,484
Income tax expense	32	**(31,477)**	(17,201)	**(31,400)**	(17,249)
Profit for the year		**47,248**	97,783	**128,192**	105,235
Other comprehensive income:		-	-	-	-
Total comprehensive income for the year		**47,248**	97,783	**128,192**	105,235

H.E. Amb. Ombeni Y. Sefue
Chairman

Date: 31/01/2024

Mussa M. Makame
Managing Director

Date: 31/01/2024

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

GROUP

	Share capital	Equity contribution government	Revaluation reserve	Retained earnings	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Year ended 30 June 2023					
At the start of the year	**2,208**	**444,100**	**452,042**	**(546,130)**	**352,220**
Other comprehensive income:					
Profit for the year	-	-	-	**47,248**	**47,248**
Transactions with owners:					
Dividend paid	-	-	-	(2,700)	(2,700)
Additional capital	-	75,485	-	-	75,485
Borrowing convention to equity	-	2,752,073	-	-	2,752,073
At the end of the year	**2,208**	**3,271,658**	**452,042**	**(501,582)**	**3,224,326**
Year ended 30 June 2022					
At start of the year	2,208	444,100	452,042	(641,213)	257,137
Other comprehensive income:					
Profit for the year	-	-	-	97,783	97,783
Transactions with owners:					
Dividend paid	-	-	-	(2,700)	(2,700)
At the end of the year	**2,208**	**444,100**	**452,042**	**(546,130)**	**352,220**

H.E. Amb. Ombeni Y. Sefue
Chairman

Date: 31/01/2024

Mussa M. Makame
Managing Director

Date: 31/01/2024

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

CORPORATION

	Share capital	Equity contribution government	Revaluation reserve	Retained earnings	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Year ended 30 June 2023					
At start of year	**2,208**	**444,100**	**452,614**	**(538,323)**	**360,599**
Other comprehensive income:					
Profit for the year	-	-	-	**128,192**	**128,192**
Transactions with owners:					
Dividend paid	-	-	-	**(2,700)**	**(2,700)**
Additional capital	-	**75,485**	-	-	**75,485**
Borrowing convention to equity	-	**2,752,073**			**2,752,073**
At the end of the year	**2,208**	**3,271,658**	**452,614**	**(412,831)**	**3,313,649**
Year ended 30 June 2022					
At start of year	2,208	444,100	452,614	(640,858)	258,064
Other comprehensive income:					-
Profit for the year	-	-	-	105,235	105,235
Transactions with owners:					
Dividend paid	-			(2,700)	(2,700)
At the end of the year	**2,208**	**444,100**	**452,614**	**(538,323)**	**360,599**

H.E. Amb. Ombeni Y. Sefue
Chairman

Date: 31/01/2024

Mussa M. Makame
Managing Director

Date: 31/01/2024

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	GROUP 2022/2023 TZS 'm	GROUP 2021/2022 TZS 'm	CORPORATION 2022/2023 TZS 'm	CORPORATION 2021/2022 TZS 'm
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operating activities	33	**(2,251)**	65,780	**45,769**	94,789
Interest paid	19	**(208)**	8	**(208)**	8
Income tax paid	18	**(10,402)**	(3,807)	**(10,224)**	(3,707)
Net cash flows from operating activities		**(12,861)**	61,981	**35,337**	91,090
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment (net of transfers)	5	**(12,969)**	(4,125)	**(12,422)**	(3,652)
Acquisition of intangible assets	8	**(177)**	(95)	**(176)**	-
Dividend income received	10	**3,146**	18,783	**3,146**	18,783
Additions to natural gas properties	6	**(283)**	(319)	**(283)**	(319)
Additional investment in subsidiary	9	**-**	-	**(22,584)**	(46,227)
Investment property addition	7	**(812)**	-	**(812)**	-
Investment in EACOP	10	**(160,222)**	(220,672)	**(160,222)**	(220,672)
Proceeds from disposal of property, plant and equipment	5	**-**	70	**-**	70
Net cash used in investing activities		**(171,318)**	(206,357)	**(193,353)**	(252,016)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings (principal)	19	**-**	**(7,054)**	**-**	(7,054)
Repayment of lease (Principal & Interest)	11	**(719)**	-	**(719)**	-
Repayment of bank borrowings	19	**(16,782)**	-	**(16,782)**	-
Principal received	19	**16,765**	-	**16,765**	-
Government contribution	17	**75,485**	-	**75,485**	-
Dividends paid		**(2,700)**	**(2,700)**	**(2,700)**	(2,700)
Net cash flows from financing activities		**72,049**	**(9,754)**	**72,049**	(9,754)
Net decrease in cash and cash equivalents		**(112,130)**	(154,130)	**(85,967)**	(170,680)
Movement in cash and cash equivalents					
At beginning of the year		**327,797**	481,927	**297,169**	467,849
Decrease during the year exclusive of realised gain on foreign exchanges		**(112,130)**	(154,764)	**(85,967)**	(171,314)
Realised gain on foreign exchanges		**4,902**	**634**	**1,067**	634
Cash and cash equivalents at end of year	15	**220,569**	**327,797**	**212,269**	297,169

H.E. Amb. Ombeni Y. Sefue
Chairman

Date: 31/01/2024

Mussa M. Makame
Managing Director

Date: 31/01/2024

1. GENERAL INFORMATION

Tanzania Petroleum Development Corporation (TPDC) is domiciled in Dar es Salaam, Tanzania. The consolidated financial statements of the Corporation as at and for the year ended 30 June 2023 comprise the Corporation and its subsidiaries GASCO and TANOIL (together referred to as the "Group"). The Corporation owns 100% of the ordinary share capital of GASCO and TANOIL.

The Group is primarily involved in administration and development of oil and gas sector on behalf of the Government of United Republic of Tanzania, as well as running the downstream gas business as the main supplier and distributor. The registered address of the office is:

PSSSF Building Kambarage Tower,
8th Floor,
Jakaya Kikwete Road,
P.O Box 1191,
Dodoma, Tanzania.

For the purpose of these financial statements "consolidated" refers to the Group's financial statements (including its corporation and subsidiaries) and "separate" refers to the Corporation's financial statements.

2. GOING CONCERN

As of the year end, the Group and the Corporation reported accumulated profit amounting to TZS 501,582 million (2022: Accumulated losses of TZS 546,130 million).

The consolidated financial statements have been prepared on the going concern basis. This is based on the assumption that the Government will continue to provide financial support as and when necessary. The Government has consistently shown its commitment to provide financial support. This support comes in the form of revenue grants to finance part of the operating costs, capital contributions to finance capital projects, and the granting of government loans and/or securing of loans on behalf of the Group and Corporation. The Management believes that the Government acknowledges the Group's and Corporation's financial difficulties. Further, the Government of Tanzania, on 06 September 2022 approved the conversion of the Corporation loan into Government equity. This further strengthen the Corporation financial position.

In view of the above, Management of the Corporation believes that the Group and Corporation will continue to operate as a going concern basis. Accordingly, these financial statements have been prepared based on accounting policies applicable to going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated and separate 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Public Corporation Act, 1992.

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 consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated 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 exchange rate at that date. Foreign currency gains or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at the fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss in the period in which they arise. Foreign currency differences relating to trading activities are recognized under operating expenses.

c) Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Corporation. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Investment in subsidiaries is accounted for at cost in the separate financial statements.

(ii) Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealised income and expenses arising from intercompany transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Corporation's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Joint operations and similar arrangements and joint ventures

A joint arrangement exist when the Group and Corporation hold a long-term interest that is jointly controlled by the Group, the Corporation, and one or more other parties. This control is established under a contractual arrangement where decisions about relevant activities require the unanimous consent of all parties sharing control. Such joint arrangements are classified as either joint operations or joint ventures.

The parties to a joint operation have rights to the assets and obligations for the liabilities, relating to their respective share of the joint arrangement.

In determining whether the terms of contractual arrangements and other facts and circumstances lead to a classification as joint operations, Group and Corporation in particular consider the nature of products and markets of the arrangement and whether the substance of their agreements is that the parties involved have rights to substantially all the arrangement's assets. Group accounts for the assets, liabilities, revenues and expenses relating to its interests in joint operations in accordance with the principles applicable to those particular assets, liabilities, revenues and expenses.

Normally, this leads to accounting for the joint operation in a manner similar to the previous proportionate consolidation method. Under this method, the Corporation recognises the assets it controls, the liabilities it incurs, the expenses that it incurs, and its share of the income that it earns from the sale of goods or services by the joint operation, all in respect of its interests in jointly controlled operations.

Group's and Corporation's unincorporated joint production activities are conducted through arrangements that are jointly controlled because unanimous consent is required among all parties involved. In determining whether each separate arrangement related to TPDC's unincorporated joint exploration and production licence activities is within or outside the scope of IFRS 11, Group and Corporation considers the terms of relevant licence agreements, governmental concessions and other legal arrangements impacting how and by whom each arrangement is controlled. Joint ventures (in in which the Group and Corporation have rights to the net assets), are accounted for using the equity method.

d) Changes in accounting policy and disclosures

(i) New standards, amendments and interpretations that are not yet effective and have not been adopted by the Group and Corporation.

	Effective date	Executive summary
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023 (Published Jan 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published May 2021)	The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published February 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.
Amendments to IFRS 16- Leases on sale and leaseback	Annual periods beginning on or after 2024. Earlier application is permitted. (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendment to IAS 1 - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024. (Published January 2020 and November 2022)	These amendments clarify how conditions an entity must comply with within twelve months of the reporting period affect liability classification. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions.
IFRS-S1, 'General requirements for disclosure of sustainability-related financial information	Reporting periods beginning on or after 1 January 2024. This is subject to the endorsement of the standards by local jurisdictions. (Published June 2023)	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
IFRS S2, 'Climate-related disclosures'	Reporting periods beginning on or after 1 January 2024. This is subject to the endorsement of the standards by local jurisdictions. (Published June 2023)	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated and separate financial statements requires the use of accounting estimates, which will seldom equal the actual results. Management also needs to exercise judgement in applying the Group'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:

a. Income tax

The Group and the Corporation are subject to income taxes to the Government. Significant judgment 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 Group and the Corporation 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.

b. Property, plant & equipment

Critical estimates are made by the management in determining fair value of property, plant and equipment as well as depreciation rates. The rates used are set out in Note 5.

c. Proved oil and gas reserves

Proved oil and gas reserves may materially impact the consolidated and separate financial statements, as changes in the proved reserves, for instance as a result of changes in estimated volume, will impact the unit of production rates used for depletion and impairment assessments of the natural gas properties. Proved oil and gas reserves have been estimated on the basis of industry standards which require the use of a price based on a 12-month average for reserve estimation, and which are to be based on existing economic conditions and operating methods and with a high degree of confidence (at least 90% probability) that the quantities will be recovered.

Reserves estimates are based on subjective judgements involving geological and engineering assessments of in-place hydrocarbon volumes, the production, historical recovery and processing yield factors and installed plant operating capacity. For future development projects, proved reserves estimates are included only where there is a significant commitment to project funding and execution and when relevant governmental and regulatory approvals have been secured or are reasonably certain to be secured.

The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data and the efficiency of extracting and processing the hydrocarbons. An independent third party has evaluated Group's and Corporation's proved reserves estimates, and the results of this evaluation do not differ materially from Group's estimates.

Proved gas reserves are those quantities of gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods and government regulations.

Unless evidence indicates that renewal is reasonably certain, estimates of economically producible reserves only reflect the period before the contracts providing the right to operate expire.

d. Expected oil and gas reserves

Expected gas reserves may materially impact the consolidated and separate financial statements, as changes in the expected reserves, for instance as a result of changes in prices, will impact the impairment testing of upstream assets, which in turn may lead to changes in impairment charges affecting operating income. Expected gas reserves are the estimated remaining, commercially recoverable quantities, based on Group's and Corporation' judgement of future economic conditions, from projects in operation or justified for development.

Recoverable gas quantities are always uncertain, and the expected value is the weighted average, or statistical mean, of the possible outcomes. Expected reserves are therefore typically larger than proved reserves. Expected gas reserves have been estimated on the basis of industry standards and are used for impairment testing purposes and for calculation of asset retirement obligations. Reserves estimates are based on subjective judgments involving geological and engineering assessments of in-place hydrocarbon volumes, the production, historical recovery and processing yield factors, installed plant operating capacity and operating approval limits. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data and the efficiency of extracting and processing the hydrocarbons.

e. Impairment of non-financial assets

The Group and Corporation have significant investments in property, plant and equipment, natural gas properties and intangible assets. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, requiring the carrying amount to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Evaluating whether an asset is impaired or if an impairment should be reversed requires a high degree of judgement and may, to a large extent, depend upon the selection of key assumptions about the future.

Subsequent to the initial evaluation phase for a well, it will be considered a trigger for impairment testing of a well if no development decision is planned for the near future and there is no concrete plan for future drilling in the licence. Impairment of unsuccessful wells is reversed, as applicable, to the extent that conditions for impairment are no longer present.

Estimating recoverable amounts involves complexity in estimating relevant future cash flows, based on assumptions about the future, discounted to their present value. Impairment testing requires long-term assumptions to be made concerning a number of often volatile economic factors such as future market prices, currency exchange rates and future output, discount rates and political and country risk among others, in order to establish relevant future cash flows.

Impairment testing frequently also requires judgement regarding probabilities and probability distributions as well as levels of sensitivity inherent in the establishment of recoverable amount estimate.

f. Asset retirement obligations

The Group and Corporation have significant obligations to decommission and remove onshore and offshore installations at the end of the production period. It is difficult to estimate the costs of these decommissioning and removal activities, which are based on current regulations and technology, and consider relevant risks and uncertainties. Most of the removal activities are to be done many years in the future, and the removal technology and costs are constantly changing.

The estimates include assumptions of the time required and the day rates for rigs, marine operations and heavy lift vessels that can vary considerably depending on the assumed removal complexity. As a result, the initial recognition of the liability and the capitalized cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of significant judgment.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at fair value based on periodic valuations by external independent valuers, 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 Group and Corporation, 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 are 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.

Any revaluation surplus is credited to the revaluation reserve included in the shareholders' equity net of deferred tax, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the profit or loss, in which case the increase is recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold/disposed is transferred to retained earnings.

Items of property, plant and equipment were revalued on 30 June 2021 by Ministry of Lands, Housing and Human Settlements Development under the Valuation section and approved by the Chief Government valuer. The valuation was done using direct comparison and replacement cost method. Significant inputs applied by the valuer in arriving at the fair value are unobservable, consequently, Management has classified the fair value measurement as level 3. There has been no change in valuation technique.

The highest and best use does not differ from the actual. During the year, Management performed an assessment of the fair value of property, plant and equipment and are of the opinion that the value of the property, plant and equipment reasonably approximates their fair value as at 30 June 2023.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows: -

Asset class	Rate per annum
Buildings	2%
Furniture, fittings and equipment	10%
Motor vehicles	12.5%
Natural gas processing plant	2% - 5%
Natural gas pipeline	2% - 3.33%
Computer hardware	25%

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

Capital work in progress

Capital work in progress represents the costs incurred for capital projects that are under construction and are stated at cost. The cost comprises of the cost of materials, labour, overheads and spares. The capital projects under construction are not depreciated.

5. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land	Buildings	Motor vehicles	Furniture, fittings and equipment	Computer hardware	Gas pipeline	Gas processing plant	WIP	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Year ended 30 June 2023									
Opening net book amount	183,763	30,090	3,751	7,601	890	1,634,460	399,804	6,693	2,267,052
Additions	503	-	9	1,197	696	-	-	10,706	13,111
Transfers from prepayments	-	-	2,378	-	-	1,726	-	(1,726)	2,378
Transfer to investment properties	(142)	-	-	-	-	-	-	-	(142)
Depreciation charge	-	(421)	(650)	(916)	(406)	(56,607)	(21,042)	-	(80,042)
Closing net book amount	**184,124**	**29,669**	**5,488**	**7,882**	**1,180**	**1,579,579**	**378,762**	**15,673**	**2,202,357**
As of 30 June 2023									
Cost/fair value	184,124	30,511	6,668	9,949	1,856	1,692,984	420,847	15,673	2,362,612
Accumulated depreciation	-	(842)	(1,180)	(2,067)	(676)	(113,405)	(42,085)	-	(160,255)
Net book amount	**184,124**	**29,669**	**5,488**	**7,882**	**1,180**	**1,579,579**	**378,762**	**15,673**	**2,202,357**

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Land	Buildings	Motor vehicles	Furniture, fittings and equipment	Computer hardware	Gas pipeline	Gas processing plant	WIP	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Year ended 30 June 2022									
Opening net book amount	183,159	30,511	4,090	7,993	1,019	1,690,412	420,846	6,307	2,344,337
Additions	598	-	230	759	142	61	-	2,503	4,293
Transfers	-	-	-	-	-	1,539	-	(1,539)	-
ARO Adjustment	6	-	2	(383)	-	235	-	(578)	(718)
Disposals	-	-	(39)	-	-	-	-	-	(39)
Depreciation charge	-	(421)	(532)	(768)	(271)	(57,788)	(21,041)	-	(80,821)
Closing net book amount	**183,763**	**30,090**	**3,751**	**7,601**	**890**	**1,634,459**	**399,805**	**6,693**	**2,267,052**
As of 30 June 2022,									
Cost	183,763	30,511	4,281	8,752	1,161	1,691,257	420,846	6,693	2,347,264
Accumulated depreciation	-	(421)	(530)	(1,151)	(271)	(56,798)	(21,041)	-	(80,212)
Net book amount	**183,763**	**30,090**	**3,751**	**7,601**	**890**	**1,634,459**	**399,805**	**6,693**	**2,267,052**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

CORPORATION	Land	Buildings	Motor vehicles	Furniture, fittings and equipment	Computer hardware	Gas pipeline	Gas processin g plant	WIP	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Year ended 30 June 2023									
Opening net book amount	183,698	30,090	3,291	6,768	453	1,634,459	399,804	6,693	2,265,256
Additions	426	-	-	750	540	-	-	10,706	12,422
Transfers	-	-	2,377	-	-	1,726	-	-1,726	2,377
Depreciation charge	-	(421)	(583)	(808)	(249)	(56,607)	(21,043)	-	(79,711)
Closing net book amount	**184,124**	**29,669**	**5,085**	**6,710**	**744**	**1,579,578**	**378,761**	**15,673**	**2,200,344**
At 30 June 2023									
Cost/fair value	184,124	30,511	6,133	8,582	1,136	1,692,983	420,846	15,673	2,359,988
Accumulated depreciation	-	(842)	(1,048)	(1,872)	(392)	(113,405)	(42,085)	-	(159,644)
Net book amount	**184,124**	**29,669**	**5,085**	**6,710**	**744**	**1,579,578**	**378,761**	**15,673**	**2,200,344**

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

CORPORATION	Land	Buildings	Motor vehicles	Furniture, fittings and equipment	Computer hardware	Gas pipeline	Gas processing plant	WIP	Total
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Year ended 30 June 2022									
Opening net book amount	183,159	30,511	3,570	7,191	525	1,690,413	420,847	6,306	2,342,522
Additions	533	-	226	641	71	62	-	2,503	4,036
Transfers	-	-	-	-	-	1,539	-	(1,539)	-
ARO Adjustment	6	-	1	(382)	-	233	(1)	(577)	(720)
Disposals	-	-	(39)	-	-	-	-	-	(39)
Depreciation charge	-	(421)	(467)	(682)	(143)	(57,788)	(21,042)	-	(80,543)
Closing net book amount	**183,698**	**30,090**	**3,291**	**6,768**	**453**	**1,634,459**	**399,804**	**6,693**	**2,265,256**
At 30 June 2022									
Cost	183,698	30,511	3,756	7,833	596	1,691,258	420,846	6,693	2,345,191
Accumulated depreciation	-	(421)	(465)	(1,065)	(143)	(56,798)	(21,042)	-	(79,934)
Net book amount	**183,698**	**30,090**	**3,291**	**6,768**	**453**	**1,634,460**	**399,804**	**6,693**	**2,265,257**

6. NATURAL GAS PROPERTIES

Natural gas properties include oil and gas development and production assets and are measured at cost less accumulated depletion and accumulated impairment losses. Natural gas properties assets include costs incurred in developing commercial reserves and bringing them into production such as drilling of development wells, tangible costs of facilities and infrastructure construction, projected cost of retiring the assets i.e., asset retirement obligation and the borrowing costs on qualifying assets. The development expenditures are capitalized to Natural gas properties when it is probable that a future economic benefit will flow to the Group and the cost can be reliably measured.

These expenditures are incurred under the terms of Production Sharing Agreements (PSAs) and Joint Operations Agreements (JOAs) and represents the Group's share of those expenditures. The costs of the day-to-day servicing of natural gas properties are recognised in profit or loss as incurred.

Depletion

The net carrying amount of natural gas properties is depleted using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, considering estimated future development costs necessary to bring those reserves into production. If the useful life of the asset is less than the reserve life, the asset is depreciated over its estimated useful life using the straight-line method.

Future development costs are estimated considering the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers. Changes in factors such as estimates of reserves that affect unit-of-production calculations are dealt with on a prospective basis. Capital costs for assets under construction included in development and production assets are excluded from depletion until the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Disposals

Natural gas properties are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss on derecognition of the asset, including farm out transactions or asset sales or asset swaps, is calculated as the difference between the proceeds on disposal, if any, and the carrying value of the asset, is recognised in profit or loss in the period of derecognition.

The Group and Corporation assessed triggers for impairment on the natural gas properties and determined that an impairment test was not required. The majority of the Group and Corporation's natural gas is sold under long-term fixed price gas sales and purchase agreement, eliminating the current volatility in the commodity market.

Exploration and Evaluation

Exploration and Evaluation ("E&E") costs, including costs of licence acquisition, technical services and studies, exploratory drilling and directly attributable overhead are capitalized as part of natural gas properties assets when deemed successful according to the nature of the assets acquired, otherwise they are expensed. The costs are initially accumulated in cost centres by well, field or exploration area pending determination of technical feasibility and commercial viability.

E&E assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The technical feasibility and commercial viability of extracting a mineral resource is generally considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether it is technically feasible and commercially viable. Upon determination of technical feasibility and commercial viability, intangible E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to a separate category within tangible assets within property, plant and equipment referred to as oil and gas interests.

Group and Corporation

	2022/23	2021/22
	TZS 'm	TZS 'm
Opening balance	**42,734**	46,894
Addition	**283**	319
ARO Impairment	-	(699)
Depletion	**(3,578)**	(3,780)
Closing balance	**39,439**	42,734

7. INVESTMENT PROPERTIES

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured initially at cost, including transaction costs.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to- day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit or loss in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group and Corporation accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Group and Corporation

	2022/23	2021/22
	TZS 'm	TZS 'm
Opening balance	**4,184**	1,716
Addition during the year	**812**	2,468
Transfer from PPE	**142**	-
Closing balance	**5,138**	4,184

8. 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. Internally generated intangible assets are recognized at cost when it is probable that future economic benefits pertaining to the asset will flow to the entity. Intangible assets include exploration software, accounting software and FTG data.

The useful lives of intangible assets are assessed to be finite with the exception of FTG project costs which have indefinite useful lives. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortization, which has been consistently applied, is 25%.

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.

The amortization expense on intangible assets is recognized in the profit or loss. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group's and Corporation's intangible assets is made up of;

GROUP	Exploration Software TZS 'm	Accounts software TZS 'm	FTG project TZS 'm	Total TZS 'm
Year ended 30 June 2023				
Opening balance	1,335	236	13,056	14,627
Addition	176	1	-	177
Amortization	(614)	(88)	-	(702)
Closing balance	**897**	**149**	**13,056**	**14,102**
As at 30 June 2023				
Cost	3,074	1,265	13,056	17,395
Accumulated amortization	(2,177)	(1,116)	-	(3,293)
Closing balance	**897**	**149**	**13,056**	**14,102**
Year ended 30 June 2022				
Opening balance	395	87	13,056	13,538
Addition	-	95	-	95
Adjustment due to change in useful life	1,803	209	-	2,012
Amortization	(863)	(155)	-	(1,018)
Closing balance	**1,335**	**236**	**13,056**	**14,627**
As at 30 June 2022				
Cost	2,898	1,264	13,056	17,218
Accumulated amortization	(1,563)	(1,028)	-	(2,591)
Closing balance	**1,335**	**236**	**13,056**	**14,627**

CORPORATE	Exploration Software TZS 'm	Accounts software TZS 'm	FTG project TZS 'm	Total TZS 'm
Year ended 30 June 2023				
Opening balance	1,335	-	13,056	14,391
Addition	176	-	-	176
Amortization	(614)	-	-	(614)
Closing balance	**897**	**-**	**13,056**	**13,953**
As at 30 June 2023				
Cost	3,074	911	13,056	17,041
Accumulated amortization	(2,177)	(911)	-	(3,088)
Closing balance	**897**	**-**	**13,056**	**13,953**
Year ended 30 June 2022				
Opening balance	395	87	13,056	13,538
Adjustment due to change in useful life	1,803	-	-	1,803
Amortization	(863)	(87)	-	(950)
Closing balance	**1,335**	**-**	**13,056**	**14,391**
As at 30 June 2022				
Cost	2,898	911	13,056	16,865
Accumulated amortization	(1,563)	(911)	-	(2,474)
Closing balance	**1,335**	**-**	**13,056**	**14,391**

9. INVESTMENT IN SUBSIDIARIES

Group	**2022/23** TZS'm	2021/22 TZS'm
Investment in subsidiary	-	-
Corporation		
Investment in TANOIL*	**104,198**	81,614
Investment in GASCO**	**1,500**	1,500
	105,698	**83,114**

Performance of subsidiaries during the year amounts in TZS'm

Subsidiary/Performance measure	Gross Profit/ (Loss)	Loss for the year	Total Assets	Total Liabilities
GASCO	53	(4,588)	22,424	25,707
TANOIL	(28,698)	(76,564)	52,909	33,250

*TANOIL (formerly known as COPEC) is a fully owned subsidiary company of TPDC established in March 1999 to carry on oil business in terms of export and import, storage, supplies and distribution of petroleum products.

During the year, the Corporation made an additional investment amount to TZS 22,584 million to enable the company to operate efficiently in the oil business.

**Gas Company (Tanzania) Limited (GASCO) is a fully owned subsidiary company of TPDC established in August 1985 to carry on operations, maintenance and construction activities of the natural gas infrastructure as well as performing mechanical and civil works.

10. INVESTMENT IN ASSOCIATE

The Group and Corporation's interests in equity-accounted investees comprise interests in associates. An associate is an entity in which the Group and Corporation have significant influence, but not control or joint control, over the financial and operating policies.

In the consolidated and separate financial statements, interest in associate is accounted for using the equity method. They are initially recognised at cost, which includes the initial transaction costs directly attributable to the acquisition of the investments. Subsequent to initial recognition, the consolidated and separate financial statements include the Group's and Corporation's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

The following table analyses the financial information about the associate as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Songas. The financial information of the associate presented in the table below from which the attributable profit was taken were for the period ended 30 June 2023 this is consistent with prior years.

The following table analyses, in aggregate, the carrying amount and share of profit and OCI of the associate.

Corporation and Group:	2022/23 TZS 'm	2021/22 TZS 'm
A. Investment in Associate (SONGAS)		
Carrying amount of interest	**60,571**	69,187
Share of (loss)/profit	**(3,030)**	10,167
Dividend received	**(3,146)**	(18,783)
Investment in associates	**54,395**	60,571

B. Investment (EACOP)		
Carrying amount of interest	**220,672**	-
Investment in EACOP	**160,221**	220,672
Dividend received	**-**	
Investment in associates (A+B)	**380,893**	220,672
Total Investment balance	**435,288**	281,243

TPDC acquired 30,000 shares in SONGAS Limited which is equivalent to 28.69% of the share capital of SONGAS Limited. This investment had a cost of USD 3,000,000. The Group has determined that it has significant influence over the investee and has accounted for the investment as an associate.

SONGAS Limited is one of the Group's strategic partners and is principally engaged in the gas processing, transportation and generation of electricity in Tanzania using natural gas from Songo Songo Island "SSI", which is off the coast of Southern Tanzania. The Company is not publicly listed. There was no change in ownership during the year. The investment is accounted for using the equity method in the consolidated financial statements.

Furthermore, TPDC is among four shareholders of EACOP Ltd with an equity interest of 15%. Other shareholders are; Total Energies Holding EACOP SAS (62%), NPC Ltd (15%) and CEPME Ltd (8%) whom together with TPDC declared Final Investment Decision (FID) for the Project on 1 February 2022. TPDC has started to meet its cash calls and during the year a sum of TZS 220,672 million has been paid being partly payment of its capital contribution to the company.

	2022/23	2021/22
Percentage ownership interest	**28.69%**	28.69%
	USD 'm	USD 'm
Non-current assets	**66**	82
Current assets	**61**	60
Non-current liabilities	**(14)**	(26)
Current liabilities	**(49)**	(35)
Net assets (100%)	**64**	81
Group's share of net assets (28.69%)	**18**	23
Foreign exchange rate	**2,328**	2,304
Group's share of net assets in associate (TZS 'm)	**42,802**	53,405
Foreign exchange differences (TZS 'm)	**11,593**	7,167
Carrying amount of interest in associate at 30 June (TZS 'm)	**54,395**	**60,572**
Revenue	**96**	90
Profit from continuing operations	**(5)**	15
Groups share of net profit	**(1)**	4
Exchange rate	**2,310**	2,298
Group's share of total comprehensive income (28.69%) (TZS 'm)	**(3,030)**	10,167

11. LEASE

The Group leases land for CNG project and building for office and residence facilities. The leases run for a duration between 3 to 10 years. The three lease contracts for building are renewable each year while one lease contract for land is for a duration of 10 years. These leases are recognized and presented in the balance sheet as Right-of-use (ROU) assets and liabilities; depreciation and interest expenses are recognized on the statement of profit or loss. The Right-of-use asset represents a lessee's right to use a leased asset over the duration of an agreed lease term, while the lease liability is the financial obligation to make the payment arising from a lease. Information about leases for which the company is a lessee is presented below.

A) Right-to-use (ROU) asset

Group and Corporation:	2022/23	2021/22
	TZS 'm	TZS 'm
At start of year	-	-
Addition during the year	4,175	-
Depreciation	(542)	-
Closing balance	**3,633**	-
Cost	4,175	-
Accumulated depreciation	(542)	-
Closing balance	**3,633**	-

B) Lease liability

Group and Corporation:	2022/23	2021/22
	TZS 'm	TZS 'm
At start of year	-	-
Addition during the year	4,175	-
Interest	385	-
Lease payment (Interest& principal)	(719)	-
Forex gain/loss	(3)	-
Adjustments (WHT&VAT)	(13)	-
Closing balance	**3,825**	-
Current portion of lease liability	719	-
Non-Current portion of lease liability	3,106	-
Closing balance	**3,825**	-

Amount to be recognised in profit and loss.

Depreciation	542	-
Interest on lease liability	385	-
Total to be expensed	**927**	-

Amount to be recognised in statement of cash flow

Payment of interest	385	-
Payment of principal	334	-
Total lease paid	**719**	-

12. ESCROW FUNDS

The Corporation is an end user of a loan awarded to the Government of Tanzania ("GOT"/Borrower) by the Export-Import Bank of China (Lender). The GOT and the Export-Import Bank of China had entered into a preferential buyer credit loan agreement and the buyer credit loan agreement in 2012 with the total amount of USD 920 million and USD 275 million, respectively. The funds were on-lent to TPDC ("End-User") to fund part of the cost of construction of Tanzania's natural gas processing plants and pipelines.

In accordance with terms of the loan agreements, three escrow accounts were opened and governed by the Escrow Accounts Management Agreement between Exim Bank of China, Ministry of Finance, TPDC (End User) and a commercial bank (Escrow Bank"). The escrow accounts were opened to secure repayment of principal and payment of interest and fees under the loan agreements.

The escrow funds represent amounts deposited into the escrow accounts.

The balance of USD 60,320,710 (TZS 140 billion) as at 30 June 2023 (2022: USD 60,320,710 (TZS 138 billion) consists of USD 58,866,942 and USD 1,473,574 deposited by the Ministry of Finance on behalf of the Government of United Republic of Tanzania and TPDC respectively. The deposited funds are classified under non-current assets since they are not available for meeting immediate short-term Group's and Corporation's financial obligations during the entire period of the loan.

The total deposits into the escrow accounts as at the reporting period are shown below;

Group and Corporation:	**2022/23**	2021/22
	TZS 'm	TZS 'm
Opening balance	**138,991**	138,673
Foreign exchange gain	**1,407**	318
Escrow funds	**140,398**	138,991

The movement of TZS 1,407 million during the year was caused by revaluation of foreign currency at the end of the year.

13. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses. Any obsolete items are provided for in full in the year they are detected.

	Group		Corporation	
	2022/23	2021/22	**2022/23**	2021/22
	TZS 'm	TZS 'm	**TZS 'm**	TZS 'm
Consumables	**15,947**	12,294	**619**	587
Condensate	**632**	335	**632**	335
Petroleum (Petrol & Diesel)	**9,982**	23,090	**-**	-
	26,561	35,719	**1,251**	922

14. TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

	Corporation			
	2022/23	2021/22	**2022/23**	2021/22
	TZS 'm	TZS 'm	**TZS 'm**	TZS 'm
Trade receivables	**192,635**	238,090	**142,837**	191,464
Less: Provision for bad debt	**(57,424)**	(44,837)	**(39,425)**	(44,837)
Net trade receivables	135,210	193,253	**103,413**	146,627
Prepayments**	**65,244**	71,636	**65,003**	71,636
Due from related parties	**761,914**	620,989	**809,073**	642,847
VAT receivable	**4,757**	3,837	**-**	-
Staff receivables	**982**	1,702	**800**	1,348
Other receivables	**832**	2,864	**206**	2,864
Oil business trade receivables	**14,875**	205,235	**14,875**	204,646
Less: Provision for bad debt - others	**(4,973)**	(216)	**(216)**	(216)
	978,840	**1,099,300**	**993,153**	**1,069,752**

**The prepayments consist of a sum of TZS 1.7 billion in respect of insurance prepaid to National Insurance Corporation during the year, TZS 253 million paid to NHIF in respect of supplementary health service and also USD 27.18 million advanced by TPDC to Maurel & Prom as an interim guarantee to secure gas purchases from Mnazi bay gas field. The Gas Sales Agreement (GSA) signed in Sept. 2014 between TPDC and Other Mnazi bay partners (Sellers) requires the buyer (TPDC) to provide payment security (guarantee) to secure gas purchases from the field. The guarantee shall be drawn by Sellers in case of buyer's default in settling invoices within the due dates.

Since the security could not be obtained timely, parties mutually agreed to allow for an interim arrangement where TPDC advanced a sum of USD 27.18 into M&P account in Aug. 2015.

The movement of provision for bad debts is made of the following:

Group:	**2022/23**	2021/22
	TZS 'm	TZS 'm
At start of year	**44,837**	68,763
Additional provision during the year	**(12,587)**	(23,926)
Release of prior year provision	**-**	-
Closing balance	**57,424**	44,837

Corporation:		
At start of year	**44,837**	68,763
Additional provision during the year	**(5,412)**	(23,926)
Release of prior year provision	**-**	-
Closing balance	**39,425**	44,837

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and cash at bank. For the purpose of cash flows bank overdrafts that are repayable on demand form an integral part of the Group's and Corporation's cash management.

	Group		**Corporation**	
	2022/23	2021/22	**2022/23**	2021/22
	TZS 'm	TZS 'm	**TZS 'm**	TZS 'm
Cash at bank	**220,569**	327,797	**212,269**	297,169

16. 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.

	2022/23	2021/22
	TZS'm	TZS'm
Authorised:		
2,500 ordinary shares of TZS 1,000,000 each	**2,500**	2,500
Issued and fully paid:		
2,208 ordinary shares of TZS 1,000,000 each	**2,208**	2,208

17. CAPITAL AND RESERVES

(a) Equity contribution from the Government

The equity contribution from the Government as at 30 June 2023 represents net cash received from the Government of Tanzania as capital contribution to the petroleum/gas projects for TPDC.

Group and Corporation:	Corporation 2022/23 TZS 'm	2021/22 TZS 'm
At start of the year	444,100	184,139
Borrowing convention to equity (Advance towards share capital)	2,752,073	-
Capital received during the year	75,485	259,961
At end of the year	**3,271,658**	444,100

During the year, TPDC received TZS 75.49 billion from the Government in respect of EACOP investment. Also due to the decision of the minister's cabinet, Exim China bank loan of TZS 2,752 billion in respect of natural gas infrastructure was converted to an advance toward share capital as seen above.

(b) Revaluation reserve

	Group		Corporation	
	2022/23 TZS 'm	2021/22 TZS 'm	**2022/23 TZS 'm**	2021/22 TZS 'm
At start of the year	**452,042**	**452,042**	**452,614**	**452,614**
Adjustment during the year	-	-	-	-
At end of the year	**452,042**	**452,042**	**452,614**	**452,614**

18. CURRENT AND DEFERRED INCOME TAX

Current tax

Current 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%.

	Group		Corporation	
	2022/23 TZS 'm	2021/22 TZS 'm	**2022/23 TZS 'm**	2021/22 TZS 'm
Opening balance	**5,720**	1,997	**5,721**	1,850
Current year tax charge	**31,477**	17,201	**31,400**	17,249
Tax paid:				
- Adjustments	**30**	-	-	-
- Ordinary tax payments	**(10,403)**	(3,807)	**(10,225)**	(3,707)
- Payments of Corporate tax PSA (PAET)	**(18,564)**	(9,671)	**(18,564)**	(9,670)
	8,260	5,720	**8,332**	5,722

Deferred tax

Deferred tax is provided using the liability method on temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with the investments in associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of the deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are re-assessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or liability settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred income tax asset

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 30%. The details of the deferred income tax are as follows;

	At start of year	**Moveme nt**	**Prior year under provision**	**At end of year**
Group	**TZS 'm**	**TZS 'm**		**TZS 'm**
Year ended 30 June 2023				
Accelerated capital deductions	143,958	122,429	-	266,387
Tax loss carried forward	(156,010)	29,897	-	(126,113)
Provisions	(229,570)	(538)	-	(230,108)

Potential Deferred tax asset not recognised	**(241,622)**	**151,788**	**-**	**(89,834)**
Year ended 30 June 2022				
Accelerated capital deductions	136,555	7,403	-	143,958
Tax loss carried forward	(174,563)	18,562	(9)	(156,010)
Provisions	(234,510)	4,940	-	(229,570)
Potential Deferred tax asset not recognised	**(272,518)**	**30,905**	**(9)**	**(241,622)**

Corporation	**At start of year TZS 'm**	**Movement TZS 'm**	**Prior year under provision**	**At end of year TZS 'm**
Year ended 30 June 2023				
Accelerated capital deductions	143,959	122,408	-	266,367
Tax loss carried forward	(157,975)	29,897	-	(128,078)
Provisions	(229,494)	886	-	(228,608)
Potential Deferred tax asset not recognised	**(243,510)**	**153,191**	**-**	**(90,319)**
Year ended 30 June 2022				
Accelerated capital deductions	136,555	7,404	-	143,959
Tax loss carried forward	(174,563)	16,597	(9)	(157,975)
Provisions	(234,510)	5,016	-	(229,494)
Potential Deferred tax asset not recognised	**(272,518)**	**29,017**	**(9)**	**(243,510)**

Deferred income tax liability

Group	**2022/23 TZS 'm**	2021/22 TZS 'm
Opening balance	**30**	**106**
Prior year under provision	**-**	**36**
Charge for the year	**(1,403)**	**(112)**
Deferred tax (asset)/liability.	**(1,373)**	**30**

This relates to the following:

Temporary differences	**1**	**1**
Other timing differences	**(1,403)**	

Provisions	29	29
Deferred tax (asset)/liability.	(1,373)	30

The deferred tax asset amount to TZS 1.4 billion relates to GASCO Company Limited has not been recognised following management assessment of when the Company will generate future taxable profit to utilise the asset.

19. BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method. Borrowing costs on non-qualifying assets are expensed in the period they accrue.

Capitalisation of borrowing costs

Borrowing costs attributable to the construction of qualifying assets are capitalized as part of the cost of these assets over the period of construction to the extent that the assets are financed by borrowings.

The subsidiaries of the Group do not have any borrowings. The borrowings for the Group and Corporation are as follows; -

	Opening balance	Principal received	Interest	Exchange loss	Principal and interest repayment	Adjustments	Closing Balan
	TZS 'm		TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS
As at 30 June 2023							
Preferential buyer's credit (a)	2,474,576	-	-	-	-	(2,117,318)	357,2
Buyer's credit -Exim (b)	905,531	-	-	-	-	(632,597)	272,9
PIL Loan	-	16,765	208	17	(16,990)	-	
TIB Loan (c)	-			-	-	-	
	3,380,107	**16,765**	**208**	**17**	**(16,990)**	**-2,749,915**	**630,1**
As at 30 June 2022							
Preferential buyer's credit (a)	2,428,269	-	40,640	5,667	-	-	2,474,5
Buyer's credit (b)	875,830	-	27,624	2,077	-	-	905,5
TIB Loan (c)	6,927	-	130	(3)	(7,054)	-	
	3,311,026	**-**	**68,394**	**7,741**	**(7,054)**	**-**	**3,380,1**

Group and Corporation	2022/23	2021/22
	TZS 'm	TZS 'm
Non-current	-	2,688,702
Current	630,192	691,405
Total	**630,192**	3,380,107

a) This loan from Export - Import (Exim) Bank of China was received through the Government of the United Republic of Tanzania to finance the construction of Mtwara and Songo Songo to Dar es Salaam gas pipeline and processing plants. The loan is denominated in US dollars. The loan contract amounts to USD 920,000,000 and carries an interest of two percent per annum (2% per annum) which is to be paid every 21 January and 21 July. The loan had a grace period of 84 months from the first day of disbursement, 20 June 2013. The loan is to be repaid in 156 months from the end of the grace period.

b) This loan from Export - Import (Exim) Bank of China was received through the Government of the United Republic of Tanzania to finance the construction of Mtwara and Songo Songo to Dar es Salaam gas pipeline and processing plants. The loan is denominated in US dollars. The loan contract amounts to USD 275 million and carries an interest of 430 basis points plus a 6 months LIBOR per annum which is to be paid every 21 January and 21 July. The loan had a grace period of 22 months from the first day of disbursement, 24 July 2013. The loan is to be repaid in 132 months from the end of the grace period.

c) The securities for loan (a) and loan (b) above includes all rights under the natural gas sales agreement between TPDC and TANESCO to the lender as security for the obligation of the borrower under the loan agreement and escrow account agreement.

The loans were on-lent by the Government to the Corporation as per On-lending Agreements signed in April 2013 between the Government and TPDC.

However, in early September 2022, the Government was requested to authorize conversion of the entire loan amounts to equity so as to enhance the Government capital in TPDC. In this regard, the Government approved the request to convert the loans on-lent to TPDC to become Government equity. The respective accounting entries to reclassify the loans to equity has been done after TPDC received official notification on the Government decision to convert the loan into equity.

d) During the year, TPDC was issued a post import loan in respect of Ex Campo square cargo. This loan was issued on 3rd February 2023 via TPDC's NMB USD account where by TPDC had a total balance of USD 93,359,594.8, while the total amount due for the LC issued in favour of ADNOC is USD 100,619,177.68. Therefore, a deficit of USD 7,259,582.81 was covered by a post import loan from NMB with an interest rate of 8.5% per annum. The whole loan plus interest was paid during the year under review.

20. GOVERNMENT GRANT AND ASSISTANCE

Government grants received relating to the creation of non-current assets are included in non-current liabilities as deferred income and are credited to profit or loss in other income on a straight-line basis over the expected useful lives of the related assets.

Government grants in the form of non-monetary assets are accounted for at fair value and presented as deferred grants in the statement of financial position. The grant is credited to profit or loss in other income on a straight-line basis over the expected useful life of the asset.

Government grants which become receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Group with no future related costs, are recognised in profit or loss within other operating income for the period in which they become receivable.

Group and Corporation	Opening balance TZS 'm	Additions TZS 'm	Amortization TZS 'm	Closing balance TZS 'm
As at 30 June 2023				
Benjamin W. Mkapa Tower (i)	4,721	-	(133)	4,588
Ministry of Energy - World Bank (ii)	146	-	(64)	82
Likong'o (iii)	25,000	-	-	25,000
Government grant- EACOP	2,468	-		2,468
Government grant - land compensation	5,662	-	-	5,662
Furniture (iv)	220	-	(26)	194
Forklift (iv)	116	-	(14)	102
	38,333	**-**	**(237)**	**38,096**
As at 30 June 2022				
Benjamin W. Mkapa Tower (i)	4,854	-	(133)	4,721
Ministry of Energy – World Bank (ii)	210	-	(64)	146
Likong'o (iii)	25,000	-	-	25,000
Government grant- EACOP	-	2,468		2,468
Government grant - land compensation	5,662	-	-	5,662
Furniture (iv)	246	-	(26)	220
Forklift (iv)	130	-	(14)	116
	36,102	**2,468**	**(237)**	**38,333**

Terms and conditions:

(i) The grant relates to Benjamin William Mkapa tower A (TPDC's head office) that was granted to TPDC in 2008 and 2009 by the government and is being amortised over the life of the building designated at 25 years.

(ii) The grant was received from the World Bank through the Ministry of Energy. The World Bank through the Ministry of energy granted Source Rock Analyser system, Petrol Reservoir engineering and eclipse software including computers. The grant aimed at building capacity in the energy sector.

(iii) The grant relates to the land which was given to TPDC by the Ministry of Lands, Housing and Human Settlements Development in 2015 in Likong'o area, Lindi. This area has been reserved for the LNG project. The amount is the fair value of the land as it was offered to TPDC at no cost.

(iv) The Group received a forklift as a grant from Shell for use in exploration and development activities during the year ending 30 June 2020. Also the group received Furniture from Equinor Tanzania AS for use in its routine activities during the year ended 30 June 2021.

21. ASSET RETIREMENT OBLIGATIONS (ARO)

The Group has AROs primarily related to Mnazi bay gas field, Natural gas processing plants and gas pipeline. The full balance is non-current as decommissioning activities are not expected to occur within the next twelve months.

Provisions for ARO costs are recognised when the Group and Corporation has an obligation (legal or constructive) to dismantle and remove a facility or an item of property, plant and equipment and to restore the site on which it is located, and when a reliable estimate of that liability can be made. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements.

Cost is estimated based on current regulations and technology, considering relevant risks and uncertainties. The discount rate used in the calculation of the ARO is a risk-free rate based on the applicable currency and time horizon of the underlying cash flows, adjusted for a credit premium which reflects the Group's own credit risk. Normally an obligation arises for a new facility, such as an oil and natural gas production or transportation facility, upon construction or installation.

An obligation may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations.

When a provision for ARO cost is recognised, a corresponding amount is recognised to increase the related property, plant and equipment and is subsequently depreciated as part of the costs of the facility or item of property, plant and equipment. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding property, plant and equipment.

When a decrease in the ARO provision related to a producing asset exceeds the carrying amount of the asset, the excess is recognised as a reduction of depreciation, amortisation and net impairment losses in profit or loss. When an asset has reached the end of its useful life, all subsequent changes to the ARO provision are recognised as they occur in operating expenses in the profit or loss.

The information below reconciles the value of the asset retirement obligation for Mnazi bay gas field and the Natural gas processing plants and pipeline:

Group and Corporation	**2022/23 TZS 'm**	2021/22 TZS 'm
Opening balance	**1,865**	2,573
Release of provision	**-**	(422)
Accretion	**301**	(287)
	2,166	1,864
This relates to the following assets;-		
Mnazi bay Gas field-ARO liability (ii)	**1,504**	1,294
Natural gas processing plants and pipelines-ARO liability	**662**	570
	2,166	1,864

22. CASH CALL COMMITMENTS

The balances as at year end are shown below;

Group and corporation:	**Corporation**	
	2022/23 TZS 'm	2021/22 TZS 'm
Cash call commitments payable	**1,579**	1,026

Cash call commitments represents amounts payable to/ recoverable from other partners in the Mnazi bay PSA in respect of the Corporation's 20% participating interest. The Group is liable to contribute 20% of all operation and development cost in Mnazi bay PSA as a specified TPDC's participation interest of the whole contract expenses other than exploration expenses of joint operations in all development area.

23. TRADE AND OTHER PAYABLES

	Group		Corporation	
	2022/23	2021/22	**2022/23**	2021/22
	TZS 'm	TZS 'm	**TZS 'm**	TZS 'm
Trade payable due to related parties	**38,249**	54,769	**62,594**	57,745
Trade payable due to oil Business	**33**	276,931	**33**	253,931
Other trade payables	**86,324**	73,468	**56,823**	71,251
Accruals	**24,844**	27,085	**24,844**	27,085
VAT payables	**4,129**	(3,013)	**4,129**	(3,013)
Payroll liabilities	**4,302**	3,107	**4,302**	3,107
	157,881	432,347	**152,725**	410,106

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.

24. OTHER INVESTMENTS

The Group and Corporation holds 150,000 shares of TZS 10,000 each in Agro EcoEnergy (T) Ltd representing 5% of total issued share capital in the Company. This is a private Agro industrial development Company registered in 2007 under Tanzanian Company law. Agro EcoEnergy formed a special purpose project Bagamoyo EcoEnergy Ltd with the purpose of developing a modern sugar cane plantation and factory producing sugar, ethanol and power for the Tanzanian market. The project was later cancelled by the Government.

	Group		Corporation	
	2022/23	2021/22	**2022/23**	2021/22
	TZS 'm	TZS 'm	**TZS 'm**	TZS 'm
Equity security available for sale	**1,500**	1,500	**1,500**	1,500
Less: Accumulated impairment loss	**(1,500)**	(1,500)	**(1,500)**	(1,500)
Closing balance	**-**	-	**-**	-

25. REVENUE

Revenues from sales of natural gas is at a point in time when natural gas is delivered at the delivery point. This is at the end of each month when the meter readings have been done and co-signed by both parties (TPDC and customer) net of discount and taxes.

Natural gas protected gas and other merchandise.

Natural gas and protected gas revenues are recognised when control over the product is transferred to the customer, which is normally at the point of delivery of the gas, based on the contractual terms of the agreements. Meter readings are done to ascertain the quantity of gas sold. The consideration for the quantity of gas sold is based on the agreed gas prices.

PSA Revenue

Revenues from the production of gas in which the Group and Corporation share an interest with IECs are recognised based on the Group's and Corporation's share of volumes transported and sold to customers during the period. It comprises the cost gas and profit gas revenue which is determined in accordance with the PSAs. The revenue is presented net of taxes and royalties.

Cost gas is the portion of revenue accruing to the licence partners as a manner of recovery for the cost incurred by the partner to reach to the production level. Profit gas is the residual profit accruing to TPDC and the partners after deductions of cost gas.

Upstream government shares are remitted to the government and downstream portion is retained by the Group and Corporation as per the Oil and Gas Revenue Management Act, 2015 and provision of respective PSAs. Net PSA revenue from Songo Songo and Mnazi Bay is arrived after deducting the adjustment factor as provided by the respective PSAs.

Oil business revenue

Revenue from sales of oil and related products is recognized upon the satisfaction of performance obligations, which occurs when control transfers to the customer. Control of the products is determined to be transferred to the customer when the title of oil and related products passes to the customer, which typically takes place when product is physically transferred into a vessel, pipe or other delivery mechanism. Where applicable the transaction price is allocated to the individual performance obligations of a contract based on their relative stand-alone selling prices.

	Group		Corporation	
	2022/23	2021/22	**2022/23**	2021/22
	TZS 'm	TZS 'm	**TZS 'm**	TZS 'm
PSA revenue	**69,872**	61,828	**69,872**	61,828
Sale of natural gas	**589,949**	525,950	**589,949**	525,950
Sale of protected gas	**24,641**	23,255	**24,641**	23,255
Sale of data	**508**	2	**508**	2
Sale of fuel (petrol & diesel)	**1,061,608**	1,166,497	**786,881**	583,019
Construction Revenue	**537**	406	**-**	-
Total	**1,747,115**	1,777,938	**1,471,851**	1,194,054

26. COST OF SALES

	Group		Corporation	
	2022/23	2021/22	**2022/23**	2021/22
	TZS 'm	TZS 'm	**TZS 'm**	TZS 'm
Purchase of natural gas	**378,676**	325,856	**378,676**	325,856
Purchase of Fuel (Petrol & Diesel)	**1,086,574**	1,164,118	**783,148**	585,155
Pipeline and plants maintenance	**310**	2	**29,493**	26,932
Depreciation of pipeline and plants	**77,649**	78,830	**77,649**	78,830
Depletion of natural resources	**3,578**	3,780	**3,578**	3,780
Construction	**484**	291	**-**	-
PSA expenses	**6,846**	5,719	**6,846**	5,723
Total	**1,554,117**	1,578,596	**1,279,390**	1,026,276

27. OTHER INCOME

Other Income section of the TPDC financial statement details a diverse array of revenue streams the company accrues, which are distinct from its principal operations. These revenues, both regular and occasional, underscore the multifaceted nature of TPDC's financial activities and illustrate how the company leverages various opportunities to ensure financial sustainability. The line items constituting this section are:

Training Fees from PSA Contractors: these are fees collected from Upstream contractors as stipulated in their PSA's contracts to support the development of local capabilities and technology transfer to the host country's oil and gas sector.

Licence Fees from PSA Contractors: Fees collected from PSA contractors in return for the issuance of required operational licenses or permits.

Sale of Condensate: The revenue generated from selling condensate, which is a valuable by-product of the natural gas extraction process.

Government Revenue Grant: These are financial grants received from the Government to subsidize TPDC's operations.

Interest Income: This consists of interest charged to OMCs for late settlement of their due invoices.

Rent from Petrol Stations: Income derived from leasing TPDC’s petrol stations plots to third parties.

House Rent: Rent charged to TPDC’s staff residing on the corporation houses.

Miscellaneous Income: An aggregate of various minor or non-recurring revenue streams.

Secondment Fees: Salary costs charged to EACOP Ltd for TPDC's staff seconded to the project.

Land Lease: This line item represents revenue from leasing land owned by TPDC to EACOP Ltd.

Tender Fees: Income sourced from fees related to the tendering process or associated services.

Tariffs: This income is derived from the charges imposed on PAET for the utilization of Ubungo to Mikocheni distribution pipeline owned by TPDC to deliver natural gas to its customers.

Amortization of Capital Grants: Recognized income as certain capital grants are amortized over the respective asset's useful lifespan.

Gain or Loss on Asset Disposal: This captures the financial impact, either as profit or loss, from the sale or disposal of TPDC's assets.

*****Miscellaneous income** of TZS 6.24 billion represents tax refunds in relation to the TANOIL surrendered petroleum cargos amounting to TZS 4 billion, TZS 2.53 billion as EACOP reimbursable expenses for TPDC’s historical costs incurred on the project and TZS 0.70 billion being insurance compensations and TPDC Marathon contribution from sponsors.

	Group		Corporation	
	2022/23	2021/22	2022/23	2021/22
	TZS 'm	TZS 'm	TZS 'm	TZS'm
Training fees from contractors	**1,841**	2,438	**1,841**	2,438
Licence fees from contractors	**755**	950	**755**	950
Sale of condensate	**4,118**	2,838	**4,118**	2,838
Government revenue grant	**17,732**	17,799	**17,732**	17,799
Interest income	**611**	-	**611**	-
Rent from petrol stations	**9**	11	**9**	11
House rent	**65**	59	**65**	59
Miscellaneous income***	**11,864**	14,955	**2,936**	14,762
Secondment fees	**2,493**	-	**2,493**	-
Land lease	**670**	3,085	**670**	3,085
Tender fees	**1**	204	**1**	204
Tariffs	**1,441**	1,891	**1,441**	1,891
Amortization of capital grants	**237**	237	**237**	237
Gain or Loss on asset disposal	**-**	33	**-**	33
	41,837	44,500	**32,909**	44,307

28. OPERATING EXPENSES

	Group		Corporation	
	2022/23	2021/22	**2022/23**	2021/22
	TZS 'm	TZS 'm	**TZS 'm**	TZS 'm
Staff costs (Note 29)	**28,227**	27,616	**19,710**	15,062
Depreciation (Note 30)	**2,933**	1,993	**2,603**	1,713
Legal expenses	**4**	33	**-**	-
Transport and travel expenses	**11,972**	8,018	**7,496**	6,332
Audit fees	**887**	138	**887**	138
Insurance	**3,218**	3,054	**3,214**	3,040
Bank charges and commission	**1,668**	60	**1,623**	39
Foreign exchange (gain)/loss	**(1,928)**	(1,086)	**(6,007)**	(1,036)
Tax assessment	**583**	2,029	**582**	2,029
Project facilitation cost***	**19,628**	11,371	**19,628**	11,371
Other expenses ***	**13,046**	3,655	**5,215**	325
Amortisation of intangible	**702**	(784)	**614**	(852)
Exhibitions & awareness	**1,218**	572	**1,073**	572
Corporate social responsibility	**191**	476	**191**	476
Repair & Maintenance	**1,209**	838	**808**	838
Land rent & levies	**2,282**	2,277	**2,089**	2,277
Training expenses	**5,836**	3,333	**3,285**	1,996
Consumables & Others	**3,910**	3,093	**576**	448
Outsourced goods & services	**11,994**	11,511	**2,947**	2,795
Oil trading expenses	**26,409**	8,623	**-**	-
BPS Operating expenses	**732**	402	**732**	402
	134,721	87,222	**67,266**	47,965

***Project facilitation costs are costs incurred in facilitating strategic projects such as EACOP project, LNG projects and other development projects whose current incurred costs are not capital in nature. Other expenses include operating expenses such as electricity, water, funeral costs and expenses which are not in a specific group as above. The Group other expenses have increased during the year compared to previous year due to effect of TZS 2.5 billion release of provision in the prior year.

During the year, Group Operating expenses were increased by 56% to TZS 136 billion mainly because of the inclusion of the LC confirmation charges in respect of the BPS business, provision of hospitality charges in respect of TANOIL petroleum cargo which was on financial hold and increase in awareness program due to implementation of various strategic project.

29. STAFF COST

The Group and Corporation pay contributions to a publicly administered pension plan on a mandatory basis which qualifies to be a defined contribution plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to -pay all employees the benefits relating to employee service in the current and prior periods.

The Group portion of contributions are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. All of the Group's employees are members of the Public Service Social Security Fund (PSSSF) which is a defined contribution plan. The Group and employees both contribute a total of 20% of the employees' gross salaries to the pension funds.

	Group		Corporation	
	2022/23	2021/22	**2022/23**	2021/22
	TZS 'm	TZS 'm	**TZS 'm**	TZS 'm
Salaries and wages	**11,721**	9,576	**11,721**	9,576
Pension	**1,423**	1,311	**1,423**	1,311
Other staff costs***	**15,083**	16,729	**6,566**	4,175
	28,227	27,616	**19,710**	15,062

*** Other staff cost is made up of gratuity in respect of contract staff, staff allowances, overtime, recruiting costs and other staff entitlements.

30. DEPRECIATION

The depreciation charge for property, plant and equipment is made up of;

	Group		Corporation	
	2022/23	**2021/22**	**2022/23**	**2021/22**
	TZS 'm	**TZS 'm**	**TZS 'm**	**TZS 'm**
Depreciation charge	**80,582**	80,823	**80,252**	80,543
The depreciation charge is classified as:				
Cost of sales	**77,649**	78,830	**77,649**	78,830
Operating expenses	**2,933**	1,993	**2,603**	1,713
Total depreciation charge	**80,582**	80,823	**80,252**	80,543

31. FINANCE COST

Finance cost comprises interest expenses on Exim bank loan, asset retirement obligation liability interest charge as well as interest expense on application of IFRS 16 on accounting of lease liability. It further includes unrealised foreign exchange differences from the loan denominated in USD.

	Group		Corporation	
	2022/23	2021/22	**2022/23**	2021/22
	TZS 'm	TZS 'm	**TZS 'm**	TZS 'm
Interest expense on borrowings	**208**	68,393	**208**	68,393
Exchange gain on loan revaluation	-	7,623	-	7,623
Lease liability interest	**385**	-	**385**	-
ARO accretion	**301**	(287)	**301**	(287)
Other interest	**120**	-	-	-
	1,014	75,729	**894**	75,729

32. INCOME TAX EXPENSE

Income tax expense comprises current and deferred 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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

	Group		Corporation	
	2022/23	2021/22	**2022/23**	2021/21
	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Current tax - current period	**31,477**	17,201	**31,400**	17,249

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

	2022/23 TZS 'm	2021/22 TZS 'm	2022/23 TZS 'm	2021/22 TZS 'm
Profit before tax	**78,725**	114,984	**159,592**	122,484
Tax calculated at a tax rate of 30%	**23,618**	34,495	**47,878**	36,745
Expenditure permanently disallowed	**3,233**	(485)	**3,263**	2,890
Deferred income tax asset not recognised	**(13,938)**	(23,430)	**(38,305)**	(29,007)
Share of profit from investee	**-**	(3,050)	**-**	(3,050)
Corporate tax from PAET	**18,564**	9,671	**18,564**	9,671
	31,477	17,201	**31,400**	17,249

33. CASH GENERATED FROM OPERATING ACTIVITIES

DIRECT METHOD		**Group**		**Corporation**	
	Note	**2022/23 TZS 'm**	2021/22 TZS 'm	**2022/23 TZS 'm**	2021/22 TZS 'm
Operating activities					
Cash collected from customers		**1,862,315**	1,361,893	**1,547,533**	820,015
Government revenue grant	27	**17,732**	17,799	**17,732**	17,799
Cash paid to suppliers		**(1,847,225)**	(1,280,573)	**(1,463,447)**	(695,308)
Staff cost	29	**(28,227)**	(27,616)	**(19,710)**	(15,062)
Pipeline and plants O&M	26	**-**	-	**(29,493)**	(26,932)
PSA operation cost	26	**(6,846)**	(5,723)	**(6,846)**	(5,723)
Cash generated from operations		**(2,251)**	**65,780**	**45,769**	**94,789**

34. RELATED PARTY TRANSACTIONS

The Corporation is wholly owned by the Government of the United Republic of Tanzania through the Treasury Registrar. Therefore, the Government of the United Republic of Tanzania is the ultimate holding entity.

Related parties in the books of TPDC include subsidiaries, associates and government agencies (including national departments/Ministries, public entities and local government municipalities). TPDC's transactions with the local Government offices and Government Executive Agencies are not individually significant when compared to the total value of the transactions between TPDC and other government related parties and are therefore not disclosed separately. These include, among others, transactions as a result of services received from government hospitals and utility companies.

Related parties also comprise key management personnel of TPDC or its shareholders and close family members of these related parties. Key management personnel constitute the members of the Board of Directors, Managing Director, Heads of Directorates and Department.

	Group		Corporation	
	2022/23	2021/22	**2022/23**	2021/22
	TZS 'm	TZS 'm	**TZS 'm**	TZS 'm
i. Sales of goods and services				
Associate – SONGAS Limited	**24,641**	23,255	**24,641**	23,255
Government entity - TANESCO	**509,039**	435,662	**509,039**	435,662
TANOIL - (BPS Fuel)	**-**	-	**34,910**	21,607
	533,680	458,917	**568,590**	480,524
ii. Purchases of goods and services				
GASCO - (Operation and maintenance)	**-**	-	**29,183**	22,109
Other				
Government - Interest incurred on on-lent borrowings	**-**	68,265	**-**	68,265
TIB borrowing – Interest incurred	**-**	130	**-**	130
Associate - Dividend received	**3,146**	18,783	**3,146**	18,783
	2,700			
Dividend payment		2,700	**2,700**	2,700
Capital Contribution	**-**	-	**22,584**	46,227
	5,846	89,878	**28,430**	136,105

iii. Outstanding balances (due from related parties)

	2022/23 TZS 'm	2021/22 TZS 'm	2022/23 TZS 'm	2021/22 TZS 'm
Receivables and amounts owed by related parties				
Associate - SONGAS Limited	**55,082**	48,600	**55,082**	48,600
Subsidiary - (GASCO)	-	-	**24,612**	24,396
Subsidiary - (TANOIL)	-	-	**22,547**	3,498
Government entity - TANESCO	**706,832**	566,354	**706,832**	566,354
	761,914	614,954	**809,073**	642,848
iv. Outstanding balances (due to related parties)				
Payables and amounts owed to related parties				
Amounts payable to subsidiary - TANOIL	-	-	**5,000**	5,000
Amounts payable to subsidiary - GASCO	-	-	**1,500**	1,500
Royalty and Profit gas payable to the Government	**56,094**	51,245	**56,094**	51,245
	56,094	51,245	**62,594**	57,745
Borrowings				
TIB Loan	-	-	-	-
Government on-lent borrowings	**630,192**	3,380,107	**630,192**	3,380,107
	686,285	3,431,352	**692,786**	3,437,852

Directors and key management personnel remuneration.

Group	**Salary and post-retirement benefits**		**Fees and Sitting allowances**		**Social security benefits**	
	2023 TZS 'm	2022 TZS 'm	**2023 TZS 'm**	2022 TZS'm	**2023 TZS 'm**	2022 TZS 'm
Key management	**2,390**	2,324	**971**	738	**70**	67
Directors	-	-	**85**	-	-	-
Total	**2,390**	2,324	**1,056**	738	**70**	67

Corporation

	2023	2022	2023	2022	2023	2022
	TZS 'm	TZS 'm	TZS 'm	TZS'm	TZS 'm	TZS 'm
Key management	971	969	589	403	35	35
Directors	-	-	85	-	-	-
Total	**971**	969	**674**	403	**35**	35

35. CAPITAL COMMITMENTS

As at 30 June 2022 the group had a total commitment of TZS 340 billion to implement various development projects and related activities.

36. CONTINGENCIES - ASSETS AND LIABILITIES

The following are contingent liabilities with respect to Group and Corporation affairs for the year ended 30 June 2023;

(i) Tax related matters

As at year end 30 June 2023 the Group had disputed tax matters with the Tanzania Revenue Authority (TRA) as follows:

Value added tax and penalties

Tanzania Revenue Authority (TRA) issued final assessments for financial years 2020-2022 on 17 June 2023 as summarized below: -

Claims of disallowable input VAT for financial year 2021 and 2022 for various expense including repairs and maintenance, accommodation, food and maintenance amounting to TZS 427 million.

However, management had already deposited the sum of TZS 161 million for previous objections to be admitted on 21 July 2023 to the commissioner of large taxpayers.

The Corporation remains cautiously confident in its case as being valid and bona fide despite TRA's Assessments; and so, continues to defend the same with expert advice.

Pay As You Earn, withholding taxes and penalties

Tanzania Revenue Authority (TRA) issued final assessments for PAYE on 17th June 2023 amounting to TZS 3.2 billion and final assessment for withholding taxes on the same date amounting to TZS 1 billion for financial years 2020-2022.

Management has made a deposit of TZS 850 million for objections of 2020-2022 to be admitted and has a contingent liability for PAYE assessed tax in dispute relating to 2011-2014 of TZS 796 million and 2018-2019 of TZS 168 million. Management has also made a deposit of TZS 154 million for objections of 2020-2022 assessment to be admitted.

The Corporation remains cautiously confident in its case as being valid and bona fide despite TRA's Assessments; and so, continues to defend the same with expert advice.

37. SUBSEQUENT EVENTS

Subsequent to the year end, The Management of TPDC together with Maurel & Prom S.A. ("M&P") and Wentworth Resources plc ("Wentworth"), partners in the Mnazi Bay Block. agreed to TPDC acquiring 20% out of Wentworth's 32.9% Participating Interest in the Mnazi Bay Contract area of the United Republic of Tanzania. The agreement will result to TPDC raising its Participating Interest in the Block from 20% to 40%. TPDC has up to 3 months from 2 January 2024 to make the refund payment to M&P for the agreement to be completed and the participating Interest transferred to TPDC. M&P paid the net acquisition amount to Wentworth in December, 2023 while TPDC refunded M&P the estimated refund amount in January, 2024. In the meantime, the estimated amount of Capital Gain Tax (CGT) relating to this transaction has been paid to the Tanzania Revenue Authority (TRA).

38. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the Group's profit or loss. Risk management is carried out by the management on behalf of the Board of Directors.

(a) Market risk

(i) Foreign currency exchange risk

The Group earns income and incurs some of its expenses in United States dollars. Furthermore, the Group has borrowings denominated in United States dollars from two banks. Foreign exchange risk arises from commercial transactions, and recognized assets and liabilities.

At 30 June 2023, 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;

Group:

TZS 15,071 million (2022: TZS 92,994 million) lower/higher, mainly as a result of translation of US dollar denominated current assets and borrowings.

Corporation:

TZS 15,071 million (2022: TZS 94,994 million) lower/higher, mainly as a result of translation of US dollar denominated current assets and borrowings.

(i) Price risk

The Group is exposed to price risk due to fluctuations of prices for petroleum products in the global market.

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings at fixed rate were denominated in the US dollar.

At 30 June 2023, if interest rates on US dollar denominated borrowings had been 10% higher/lower with all other variables held constant, post-tax loss for the year would have been TZS 0 (2022: TZS 10,322 million) since the group had no outstanding loan as at 30 June 2023.

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 Group.

Exposure:

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

	Group		Corporation	
	2022/23	2021/22	**2022/23**	2021/22
	TZS 'm	TZS 'm	**TZS 'm**	TZS 'm
Cash at bank	**220,569**	327,797	**212,269**	297,169
Trade receivables	**911,999**	808,206	**902,748**	765,078
Other receivables (excl. prepayments and VAT)	**1,597**	209,586	**790**	208,642
	1,134,165	1,345,589	**1,115,807**	1,270,889

Risk Management:

The Group has policies in place to ensure that the exposure to credit risk is monitored on an ongoing basis. The Group's and Corporation's risk management policies are established to identify and analyse the risks faced by the Group and Corporation, 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 Group and Corporation, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. Credit limits are set out in PSAs and GSAs with customers. Further, Management performs regular balances reconciliations and follows up on outstanding balances.

Impairment of financial assets:

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

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

Trade and other receivables:

The Group 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. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables based on the country's economy and tourism trends in the foreseeable future.

On that basis, the loss allowance as at 30 June, 2023 was determined as follows for trade receivables.

A. Group

Aging / Details	Outstanding balance TZS 'm	Loss allowance rate	Loss allowance TZS 'm
Current	27,599	11.88%	3,277
From 1 to 30 days	8,032	24.16%	1,941
From 31 to 90 days	7,055	21.84%	1,541
From 91 to 180 days	8,868	12.77%	1,132
From 180 days	46,987	74.45%	34,984
Default category	-	-	-
Specific customers*	12,879	100%	12,879
Government entities	**856,638**	**0.74%**	**6,427**
Total	**968,058**		**62,181**

*specific customers relate to TANOIL long outstanding debts.

A. Corporate

Aging / Details	Outstanding balance TZS 'm	Loss allowance rate	Loss allowance TZS 'm
Current	27,167	11.98%	3,254
From 1 to 30 days	8,032	24.16%	1,941
From 31 to 90 days	6,537	22.58%	1,476
From 91 to 180 days	4,768	7.19%	343
From 180 days	26,164	100%	26,164
Default category	-	-	-
Specific customers*	-	100%	-
Government entities	**844,079**	**0.74%**	**6,246**
Total	**916,748**		**39,425**

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 monthly purchase targets and severe financial difficulties faced by the customer. This assessment is performed on a case-by-case basis.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	Group TZS 'm	Corporation TZS 'm
Balance at 1 July 2021	68,763	68,763
Utilization during the year	-	-
Impairment loss recognized during the year	(23,926)	(23,926)
Balance at 30 June 2022	44,837	44,837
Balance at 1 July 2022	44,837	44,837
Impairment loss recognized during the year		
Reversal of impairment loss	17,345	(5,412)
Balance at 30 June 2023	**62,181**	39,425

Bank balances

There is no independent credit rating for banks operating in Tanzania. However, the Group 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 were as follows;

	Group		Corporation	
	2022/23 TZS 'm	2021/22 TZS 'm	**2022/23 TZS 'm**	2021/22 TZS 'm
CRDB Bank	**5,415**	71,117	**3,211**	56,441
Citibank	**2,387**	1,099	**2,387**	1,099
NMB Bank	**5,888**	16,010	**1,957**	58
STANBIC Bank	**11**			
NBC	**2,154**			
Bank of Tanzania	**204,713**	239,571	**204,713**	239,571
	220,539	327,797	**212,269**	297,169

c) Liquidity risk

Liquidity risk is the risk that the Group and Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's and Corporation'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 Group's and Corporation'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.

The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Group	**Carrying amount**	**Contractual cash flows**	**Up to and Less than 1 year**	**Between 1 and up to 2 years**	**Between 2 and up to 5 years**	**Over 5 years**
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Non-derivative financial liabilities						
At 30 June 2023						
Borrowings	630,192	630,192	630,192	-	-	-
Lease	3,826	3,826	719	1,439	1,667	-
Trade and other payables	157,881	157,881	157,881	-	-	-
	791,898	**791,898**	**788,792**	**1,439**	**1,667**	-
At 30 June 2022						
Borrowings	3,380,107	3,380,107	276,207	484,127	637,548	1,982,225
Trade and other payables	432,347	432,347	432,347	-	-	-
	3,812,454	3,812,454	708,554	484,127	637,548	1,982,225

Corporation	**Carrying amount**	**Contractual cash flows**	**Up to and Less than 1 year**	**Between 1 and up to 2 years**	**Between 2 and up to 5 years**	**Over 5 years**
	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm	TZS 'm
Non-derivative financial liabilities						
At 30 June 2023						
Borrowings	630,192	630,192	630,192	-	-	-
Lease	3,826	3,826	719	1,439	1,667	-
Trade and other payables	152,725	152,725	152,725	-	-	-

	786,742	**786,742**	**786,636**	**1,439**	**1,667**	**-**
At 30 June 2022						
Borrowings	3,380,107	3,380,107	276,207	484,127	637,548	1,982,225
Trade and other payables	410,106	410,106	410,106	-	-	-
	3,790,213	3,790,213	686,313	484,127	637,548	1,982,225

d) Capital risk management

The Group'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 2023 and 30 June 2022 were as follows:

	Group		**Corporation**	
	2022/23 TZS 'm	2021/22 TZS 'm	**2022/23 TZS 'm**	2021/22 TZS 'm
Total borrowings	**630,192**	3,380,110	**630,192**	3,380,110
Less: cash and cash equivalents	**(220,569)**	(327,797)	**(212,269)**	(297,169)
Net debt	**409,623**	3,052,313	**417,922**	3,082,941
Total equity	**(3,224,326)**	(352,500)	**(3,313,648)**	(361,088)
Total capital	**(2,814,703)**	2,699,813	**(2,895,725)**	2,721,853
Gearing ratio	**(15%)**	113%	**(14%)**	113%