



Achieving more together

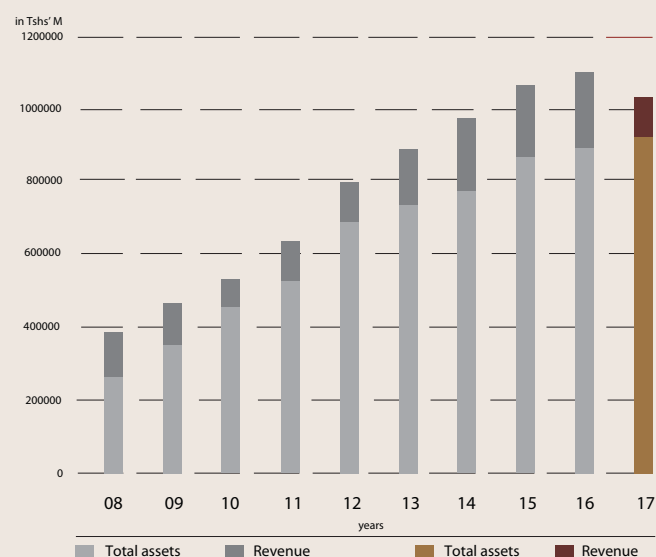
Performance in a snapshot

For the year ended 31 March 2017

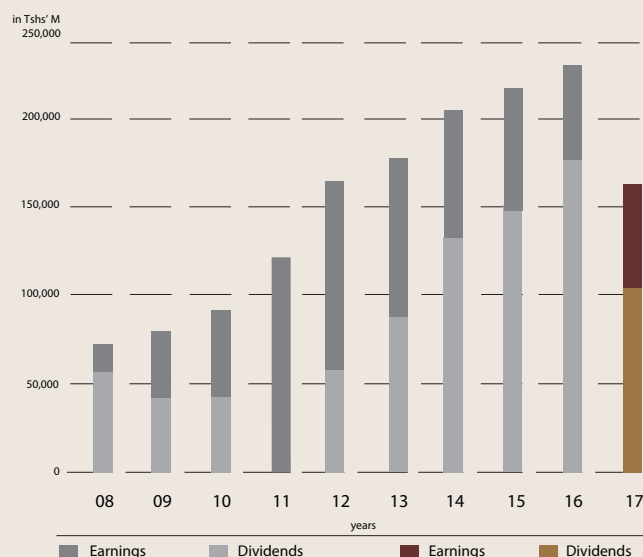
10 Years review

		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Sales	Tshs' M	1,041,123	1,112,608	1,073,124	979,651	892,017	800,948	635,863	527,768	464,539	383,181
Profit before income tax	Tshs' M	234,600	327,812	308,930	292,719	253,813	238,228	173,183	133,842	115,187	109,168
Dividends declared	Tshs' M	103,911	176,292	147,465	132,718	88,479	58,986	-	44,239	44,239	58,986
Cash flow from operations	Tshs' M	261,626	270,476	264,184	221,926	215,744	144,056	169,551	127,141	74,445	83,467
Net cash invested to expand operations	Tshs' M	93,785	56,012	85,206	98,868	102,727	99,887	51,389	113,488	74,741	58,723
Total borrowings	Tshs' M	2,935	26,189	58,130	56,892	73,599	76,865	80,346	143,345	105,702	57,899
Gearing	%	(12)	(2)	9	10	15	19	26	73	69	48
Market capitalisation	Tshs' M	3,539	4,129	4,424	2,359	902	773	537	513	531	490
Earnings per share	Tshs	572	771	718	680	579	543	387	296	261	242
Earnings per share growth	%	(26)	7	6	17	7	40	31	22	8	16

Sales and Total assets



Earnings and dividends





ROBERTO JARRIN
MANAGING DIRECTOR – TBL GROUP

HON. CLEOPA DAVID MSUYA
CHAIRMAN OF THE BOARD

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10 Principles

Dream

- 1 Our shared Dream energizes everyone to work in the same direction: Bringing people together for a better world.

People

- 2 Our greatest strength is our people. Great people grow at the pace of their talent and are rewarded accordingly.
- 3 We recruit, develop and retain people who can be better than ourselves. We will be judge by the quality of our teams.

Culture

- 4 We are never completely satisfied with our results, which are the fuel of our company. Focus and zero-complacency guarantee lasting competitive advantage.
- 5 The consumer is the boss. We serve our Consumers by offering brand experiences that play a meaningful role in their lives and always in a responsible way.
- 6 We are a company of owners. Owners take results personally.
- 7 We believe common sense and simplicity are usually better guidelines than unnecessary sophistication and complexity.
- 8 We manage our costs tightly, to free up resources that will support sustainable and profitable top line growth.
- 9 Leadership by personal example is at the core of our culture. We do what we say.
- 10 We never take shortcuts. Integrity, hard work, quality and responsibility are key to building our company

OVERVIEW OF TBL

Tanzania Breweries Limited (TBL), a member of the Anheuser-Busch InBev group of companies, manufactures and distributes clear beer, alcoholic fruit beverages and non-alcoholic beverages within Tanzania. TBL as a major player in the beverage sector is committed to the export of its products to niche and neighboring markets under the East Africa common market trading arrangement.

TBL has a controlling interest in Tanzania Distilleries Limited, Darbrow Limited and Kibo Breweries Limited. TBL's most popular clear beer brands include Safari Lager, Kilimanjaro Premium Lager, Ndovu Special Malt, Castle Lager and Castle Lite. Other prominent brands associated with the TBL group are Konyagi Gin, Amarula Cream and Redds Premium Cold. The TBL group is listed on the Dar es Salaam Stock Exchange, employs about 2,000 people and is represented throughout the country with four clear beer breweries, a distillery, an opaque beer business, a malting facility and 8 distribution depots.

Bringing people together for a better world



A proud part of the
ABInBev family



Asanteni Sana!
Nyinyi Wafanyakazi wetu ndio
nguzo yetu kuu.



Tunatambua jitihada
zenu za kuiboresha
kampuni yetu ambazo
zinaifanya TBL Group
iendelee kuwa Kampuni
Namba 1 Tanzania!
Mei Mosi Njema.



President's Manufacturer of the Year Award



TANZANIA BREWERIES LTD



TANZANIA DISTILLERIES LTD



DARBREW LTD

TBL Group, Head Office, Uhuru Street, P.O. Box 9013, Dar es Salaam, Tanzania T +255 22 218 2779/80/81 F +255 22 218 2494 E tblg@tz.sabmiller.com



A proud part of the
ABInBev family

Chairman's statement

Tanzania Breweries Limited Group of companies ("TBL Group") is pleased to report its results for the financial year ended 31 March 2017. During the financial year, the economy managed to recover and grow in the second half, after a slow start in the first half. Overall, the Tanzania economy grew by an average of 7%, similar to prior year. Agricultural sector however, despite being the backbone of the economy, employing over 65% of the Tanzanian population, achieved an overall 2.1% growth for the year, versus 2.3% growth for the prior year due to lack of adequate rainfall impacting food harvest during the year.

Following a prior year of no increase in excise duties, the Government adopted a 5% increase in excise duties on alcohol for the year. As a result, majority of the beer products in the market were forced to take on price increase to guarantee business sustainability. To ensure affordability and accessibility of our products in the market, we launched a number of affordable options at 1,500 Tshs price point, and further expanded our Traditional African Beer portfolio with the launch of a new Chibuku product at 700 Tshs price, making our products accessible to the informal market.

Given economic challenges and price increases, the Group posted an overall 5% decline in volume, whereby total Beer volumes declined by 5%, Wines & Spirits declined by 4%, whilst Traditional African Beer delivered 1.3% growth in volume. However, by driving our affordability agenda, we began to reverse declining trend and delivered total volume growth for the Group in the last quarter of the year. All the same, for the year, the Group registered a 6% decline in sales revenue and a 29% decline in operating profit.

TBL Group's total contribution to the Government revenue in the form of corporate, excise and value added taxes was Tshs. 519,470, million in the financial year and is a leading tax payer in the country.

From our financial performance, the Company offered a dividend payment of Tshs. 103,911 million to our shareholders which works out as Tshs. 350 per share. Also during the year, TBL Group successfully transferred share ownership from SABMiller to ABInBev, who became our largest shareholder accountable for management of the Group and its interests from October 2016. ABInBev

has over 600 years of brewing heritage, with a portfolio of over 400 beer brands sold in more than 100 countries worldwide. As a result, we will benefit from synergies, best practice sharing and take advantage of internal and external growth opportunities in order to benefit our company shareholders, stakeholders, national economy and consumers of TBL products.

During the change of control, we remained focussed on our staff ensuring they are well informed and supported through the process in an effort to retain our best talent. The company continued to invest in employee's well-being by launching 'Afya Kwanza' wellness programme in support of physical and mental wellbeing of our staff. The Group's first-ever awards ceremony "The Motisha Awards" took place last year to recognise and reward our best talents in an effort to promote a high performance culture across the group, and develop an engaged workforce.

The company continues to build upon its highly valued image as a responsible corporate citizen by embarking on a number of initiatives over the year. In the aftermath of the tragic event of Kagera earthquake, we donated Tshs. 100 million to the government to help rebuild the region, and further TBL Group staff participated in the 'Walk for Kagera' fundraising event to support victims of the earthquake. The company also partnered with the Tanzania Police Force – Traffic Department and trained over 1,000 bodaboda drivers on road safety. We remain committed to making a positive contribution to the communities in which we operate.

For the future, TBL is focused on our key strategic objectives:

- i. To continue to partner with the government to encourage adoption of policies that will foster a positive environment for private sector growth in line with the 5th phase government agenda and allow our consumers to benefit from a stable market.
- ii. To enhance our ability to serve our consumers and retailers by providing consumers with greater access to our full brand portfolio through improving our Route to Market model.
- iii. To develop affordable beer brands aimed at recruiting consumers from the informal alcohol market, and allowing consumers to enjoy our vast array of brands in all

occasions and circumstances.

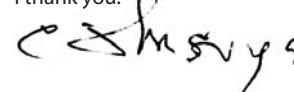
- iv. To enforce our efforts on local sourcing of raw materials by being a fair trade buyer, offering fair prices to farmers and through training and developing farmers to improve quality and yield.
- v. To remain committed to the growth and development of our key resource, that is our people. Our strategic advantage in the market centres on the capability and drive of our people. Our goal remains to attract only the top talent in the market to drive our business agenda.
- vi. To promote export of selected TBL brands to neighbouring markets.

In conclusion, I want to assure both our shareholders and stakeholders of TBL's capability for growth and share my optimism for the bright future ahead. Despite the challenges faced in the last financial year, the Group persevered and adapted to deliver volume growth in the final leg of the year. As we embark on a new financial year with change of ownership, the expertise and best practices ABInBev brings, ensures we will grow stronger in our capabilities than ever before.

I am confident that our journey forward will be invigorating as we deliver momentous growth, increase profitability and deliver greater long term sustainable value to our stakeholders. In our focus to deliver on our future opportunities, we commit to promote responsible drinking and continue to make positive contributions to the communities we operate through our role as responsible corporate citizens.

Finally, on behalf of the Board, I sincerely appreciate all our distinguished shareholders for your unwavering support throughout the years, and I commend our employees and management staff for their hard work and untiring dedication in contributing to the success and longevity of TBL Group.

I thank you.



Hon. Cleopa David Msuya
Chairman of the Board

Taarifa ya Mwenyekiti wa Bodi

Kampuni ya Tanzania Breweries Limited Group ("TBL Group") inawaletea ripoti ya uendeshaji na fedha kwa kipindi cha mwaka uliomalizika tarehe 31 Machi 2017. Katika mwaka wa fedha uliopita, hali ya uchumi iliimarika na kukua katika kipindi cha nusu ya pili ya mwaka baada ya kudorora vikali katika kipindi cha miezi sita ya mwanzo wa mwaka. Hali halisi kwa ujumla, uchumi wa Tanzania umekua kwa asilimia 7, kama ilivyokuwa mwaka uliotangulia. Kwa upande wa sekta ya kilimo ambacho ndio uti wa mgongo wa kukuza uchumi ikiwa imeajiri asilimia 65 ya Watanzania kilikua kwa asilimia 2.1 kwa mwaka, wakati kwa mwaka wa nyuma kilikuwa kwa asilimia 2.3, hali hii ya kushuka ilisababishwa na ukame uliojitokeza sehemu mbalimbali za nchi kutokana na uhaba wa mvua na kusababisha upungufu wa mavuno na uhaba wa chakula.

Kutokana na kutokuwepo na ongezeko la kodi ya bidhaa kwa mwaka uliotangulia, serikali iliamua kuongeza asilimia 5 ya kodi ya bidhaa za vileo katika kipindi cha mwaka huu ulioishia tarehe 31 Machi 2017. Ongezeko lilisababisha bidhaa zetu hususani Bia kupanda bei ili kuepuka kupata hasara. Kuhakikisha wateja wanaendelea kumudu kutumia bidhaa zetu kwenye masoko, tuliingiza kwenye masoko vinywaji vya gharama nafuu ya shilingi 1,500/- na kuimarisha masoko ya Bia ya asili ambapo tulizindua kinywaji cha Bia ya Chibuku inayouzwa kwa shilingi 700/- lengo likiwa ni kuwawezesha wateja wengi kumudu kuitumia.

Changamoto za uchumi zilizojitokeza na kusababisha kupanda kwa bei za bidhaa zetu kulisababisha mauzo ya kampuni kupungua kwa asilimia 5%, kwa upande wa Bia yalipungua kwa asilimia 5%, Mvinyo na vinywaji vikali yalipungua kwa asilimia 4% na kwa upande wa Bia ya asili yaliongezeka kwa asilimia 1.3%. Kutokana na mkakati wetu wa kuhakikisha bidhaa zetu wateja wanaweza kumudu kuzitumia, tulianza kuongeza kiwango cha mauzo katika robo ya mwisho ya mwaka. Hali halisi ya jumla kwa mwaka, mapato ya kampuni kutokana na mauzo ya bidhaa zake yalishuka kwa asilimia 6% na kusababisha kushuka kwa faida ya biashara ya kampuni kwa asilimia 29%.

TBL Group imeweza kuchangia pato la Serikali kupitia kodi ya mapato, kodi ya bidhaa na kodi ya ongezeko la thamani kiasi cha shilingi milioni 519,470/- kwa mwaka wa fedha uliomalizika na inaongoza kuwa kampuni kinara kulipa kodi katika sekta ya viwanda nchini. Kutokana na utendaji wa kampuni kibiashara katika mwaka uliopita, kampuni itatoa gawio la shilingi milioni 103,225/- kwa wanahisa wake ambapo kila hisa italipwa kiasi cha shilingi 350/- katika kipindi cha mwaka uliomalizika, hisa na umiliki wa kampuni ya TBL Group umehamishiwa kwa kampuni ya ABInBev

ambayo ina hisa kubwa katika kampuni na inalo jukumu wa kusimamia shughuli za utawala na uendeshaji kuanzia mwezi Oktoba 2016. ABInBev ni kampuni kubwa na yenye uzoefu mkubwa wa masuala ya viwanda vya pombe kwa zaidi ya miaka 600, inatengeneza zaidi ya aina ya bia 400 zinazouzwa katika nchi zaidi ya 100 duniani. Kutokana na uzoefu huu tunategemea tukitumia mikakati na kanuni za uendeshaji wake wa biashara tutapata fursa ya kukua kibishara ndani na nje ya nchi na kunufaisha wanahisa, wadau wetu mbalimbali, kukuza uchumi wa taifa na wateja wetu wanaotumia bidhaa za TBL.

Wakati wa mchakato wa mabadiliko haya ndani ya kampuni tuliwashirikisha wafanyakazi wetu kwa karibu ili kuendelea kuwa nao kwa kuwa tunategemea vipaji vyao katika uendeshaji wa biashara zetu. Kampuni imeanzisha programu ya kujenga afya za wafanyakazi ijulikanayo kama 'Afya Kwanza' pia kampuni ilitoa tuzo mbalimbali kwa wafanyakazi wake waliofanya vizuri kupitia hafla ya 'Motisha Award' iliyofanyika mwaka jana na kuwashirikisha wafanyakazi wote wa kampuni kwa lengo la kuwapatia motisha ya kazi na ari ya kujituma zaidi na kuendelea kuleta mafanikio.

Kampuni pia iliendelea kushiriki katika kusaidia shughuli mbalimbali za kijamii katika kipindi cha mwaka mzima. Wakati wa janga la tetemeko la ardhi mkoani Kagera, tulichangia milioni 100/- kuunga jitihada za serikali kusaidia wahanga wa tetemeko hilo pia wafanyakazi wa kampuni walishiriki matembezi ya hisani ya 'Walk for Kagera' yaliyolenga kuchangisha fedha za kusaidia wahanga hao. Vilevile kampuni ilishirikiana na Jeshi la Polisi kitengo cha Usalama Barabarani kutoa mafunzo ya usalama barabarani kwa waendesha pikipiki zaidi ya 1,000. Tutaendelea kuganikisha dhamira yetu ya kushiriki shughuli za kuendeleza jamii kwenye maeneo ambayo tunafanyia biashara zetu.

Malengo yetu ya mbele tuendako, TBL inao mtazamo wa kufanikisha mikakati na malengo yafuatayo:

- Kuendelea kushirikiana na serikali kufanikisha sera zake za kuboresha mazingira ya kukuza sekta binafsi ikiwa ni moja ya mikakati wa serikali ya awamu ya 5 na kuwezesha wateja wetu kunufaika kutokana na uimara wa masoko.
- Kukuza zaidi uwezo wa kuhudumia wateja wetu na wauzaji wadogowadogo wa bidhaa zetu kwa kuhakikisha wanapata bidhaa zetu kwa karibu na kwa urahisi kupitia mfumo wa usambazaji wa kisasa ambao tumeuamua ndani ya kampuni.
- Kutengeneza aina mbalimbali za Bia zenye bei nafuu kwa lengo la kuwezesha watumiaji wengi wa pombe kuacha

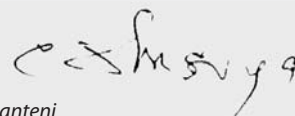
kutumia pombe za kienyeji badala yake kufurahia kunywa Bia zetu kwa wakati wote na katika mazingira mazuri.

- Kuendelea mkakati wetu wa kununua malighafi kutoka nchini na kuhakikisha tunanua malighafi kwa bei nzuri yenye maslahi kwa wakulima na tunawawezesha kwa kuwapatia mafunzo ya kilimo cha kisasa ili waweze kupata mavuno mengi na bora yanayokubalika kwenye masoko.
- Kuendelea kufanikisha mkakati wa kukua zaidi sambamba na kuendelea wadau wetu muhimu ambao ni wafanyakazi wetu. Mkakati wetu wa kufanya vizuri katika masoko unafanikishwa na wafanyakazi wetu. Lengo letu litaendelea kujikita katika kuajiri wafanyakazi wenye vipaji ambao watafanikisha malengo tuliyojiwekea ya kukuza biashara zetu na kuteka zaidi masoko.
- Kupanua wigo wa masoko kwa kuuza baadhi ya bidhaa zetu katika masoko ya nchi jirani.

Mwisho, napenda kuwahakikishia wanahisa wetu na wadau wote wa kampuni ya TBL kuwa zipo dalili za biashara zetu kukua na kufanya vizuri huko mbeleni tunakoelekea. Licha ya changamoto zilizojitokeza katika mwaka wa fedha uliomalizika kampuni ilipambana na kuhakikisha inaongeza mauzo yake katika kipindi cha mwisho cha mwaka. Tunapoanza mwaka mpya wa fedha tukiwa chini ya umiliki wa kampuni nyingine, uzoefu na mikakati ya kibiashara ya ABInBev itatuwezesha kuimarisha na biashara zetu kukua zaidi ya hapo awali.

Nina Imani safari yetu tuliyoianza ya kwenda mbele kwa mafanikio itafanikiwa kwa kukua zaidi kibiashara, kupata ongezeko la faida na kufanikisha mikakati endelevu ya kibiashara tuliyojiwekea kwa wadau wetu. Kwa mtazamo wetu wa mbeleni tumelenga zaidi kuhakikisha tunafanikisha ajenda ya kuhamasisha matumizi ya vinywaji vyetu kistaarabu na kuendelea kutoa mchango wa kuendelea shughuli za kijamii kwenye maeneo tunayofanyia biashara zetu.

Mwisho kabisa, kwa niaba ya Bodi, kwa moyo wa dhati nawashukuru wanahisa wote kwa ushirikiano mkubwa mliotupatia katika kipindi cha mwaka ulioishia, pia natoa pongezi kwa wafanyakazi wote na uongozi wa kampuni kwa kufanya kazi kwa bidhi na kwa nia ya dhati kuchangia kupatikana mafanikio ambayo TBL Group imepata kwa kipindi cha muda mrefu.



Ahsanteni
MH. Cleopa David Msuya
Mwenyekiti wa Bodi.

Managing director's statement

Performance Review

FY 2017 proved to be a stern test of our tenacity, strategy as well as our ability to adapt and survive amid the challenging market conditions. While we continued to maintain our market leadership, our overall Group performance was affected negatively by the challenging operating environment of the alcohol industry, along with other macro-economic headwinds, more profound being;

1. A prolonged period of severe drought affecting supply of local raw materials as well as impacting disposable income of majority (65%) of Tanzanians in agricultural sector.
2. The government's decision to impose a 5% excise duty increase on alcohol caused hiking up of alcohol prices, hence placing further pressure on consumer purchasing power and overall demand.
3. Government's blanket ban on plastic bags effective 1st March which translated into a total ban on spirit sachet packs, which account for 75% volume of our Wines and Spirits business.

Overall the business faced a 5% decline in total volume, due to declines in our Beer business and Wines and Spirits business, by 5% and 4% respectively, weighed down by the burden of higher excise duties, prevalent economic challenges, negative growth in disposable income, and decrease in demand for discretionary products. However, despite the challenges, we managed to deliver performance improvement in Traditional African Beer business with a volume growth of 1.3%, mainly driven by the introduction of a new 500ml Chibuku pack at 700 Tshs price, offering home brewers and homebrew drinkers an affordable opportunity.

Our net sales declined 6% versus prior year attributed by volume decline and consumption shift to affordable offerings. Our operating profit was also down by 29% versus prior year, due to decline in net sales and increased operational costs on sourcing raw materials as a consequence of low local supply of sorghum and barley.

Amidst the unfavorable economic environment, we leveraged on our ability to survive and adapt, making strides to adopt changes that will ensure our sustainability. We understand that the economic climate favors affordability as a key driver for growth owing to increased consumer pressure and consumption shift to affordable offerings. Subsequently, the Group identified six strategic priorities for the financial year, which also position our business in good shape for the future. These growth drivers include;

1. Driving affordability in the market by developing a range of lower-priced products in order to offer affordable packs, to consumers, upgrading from informal.
2. Building on our route-to-consumer,

guaranteeing availability and accessibility of our products in the market.

3. Strengthening our premium portfolio, so as to manage our product mix, and offer consumers an option to trade-up.
4. Developing a fit for purpose spirits business, in the aftermath of sachet ban.
5. Reducing operational cost in building an efficient and lean business.
6. Recruiting and grooming the right talent to be our next future leaders.

In commitment to our affordable agenda, we invested heavily in rollout of 375ml mainstream products at 1,500 Tshs price during the financial year and further launched an affordable beer at 1,500 Tshs price. Total capital expenditure in the year was Tshs 96 billion, compared to Tshs 59.4 billion in the prior year, covering investment on purchase of 375ml bottles and improving capacity to support affordable initiatives. Our affordable drive proved successful, as performance of Beer business improved significantly in the last quarter of the financial year, delivering 1.4% volume growth versus prior year. Overall, the Group managed marginal positive growth in volume in the last quarter of the year. For the future, we expect to be more aggressive in our rollout of affordable packs and brands to drive further volume growth in the business.

Our route-to-consumer (RTC) initiative is very critical in driving our affordability agenda to ensure our products are accessible to our consumers. RTC initiative which began two years ago in the South Region, made great progress during the last year to include North East Region, and continues to focus on extending reach and quality of our brands, and ensuring higher rates of sale of our brands in the market. Effectively established as our critical competitive advantage over the competitor, the initiative is progressing well with further rollouts to come according to anticipated timelines.

Following the ban of plastic sachets, we have had to restructure our Wines and Spirits business in operations, portfolio and strategy to be fit for purpose and to guarantee sustainability. We plan to recover Wines and Spirits volumes and profitability by building a strong portfolio of brands that is highly accessible to the consumers.

Delivering on our priorities would not be possible without the commitment of our people. In turn, TBL Group continues to invest in recruiting the right talent, building upon their capabilities, and rewarding them in accordance with their talents to be the next future leaders of the business, hence guaranteeing growth and sustainability of the Group. We invested in different employee programmes in the financial year such as Health and Wellness programme ('Afya Kwanza'), reward and recognition programmes (Motisha Awards & Wow Bucks),

and training programmes (Management and Leadership) to name a few. We take serious our corporate responsibility to ensure the well-being of our workforce and to rightfully reward them with opportunities for growth and development.

We remain steadfast in our commitment to our communities as responsible corporate citizens. We partner with our suppliers, farmers, consumers, trade partners and Government to create a better society. We believe in building the best company in East Africa to bring people together for a better future. We took upon us the responsibility to contribute millions of shillings to the rebuilding of Kagera region after the catastrophic earthquake ruined the region and left thousands homeless. We also continue to invest in programmes to promote responsible alcohol drinking; additionally in the future we plan to rollout lower alcohol drinking options for our consumers.

Our company continues to play a role as a vehicle for social and economic development in Tanzania across our value chain from growers to retailers. We supported our growers in the community by developing compelling initiatives ranging from creating new brands and strengthening existing brands that require locally sourced raw materials, and by supporting our farmers to improve their livelihood and increase security of supply. Given the growth in affordable category, our need for locally sourced sorghum has increased and therefore our desire and commitment to support our contracted 234 farmers to guarantee consistency of quality and supply in the year ahead. We also helped our retailers by equipping them with business skills and opportunities to thrive, as such through our Retailer Development Programme, we managed to reach 1,800 retailers during the financial year.

In October 2016, the world's largest brewer by sales, Anheuser-Busch InBev NV, managed to acquire SABMiller and its subsidiaries, making the new company the top beverage company in the world. Looking forward, we expect momentous growth driven by our strategic priorities, exercised synergies with ABInBev and shared practices to take advantage of opportunities in the market in an effort to build on our market leadership within the country. I believe a combination of undeterred business focus, strategic drive and commitment of our people will ensure that Tanzania Breweries Limited Group will continue to stand strong and unwavering for years to come.



Roberto Jarrin
Managing Director – TBL Group

Taarifa ya Mkurugenzi Mtendaji Tathmini ya Utendaji

Kipindi chetu cha mwaka kinachoishia tarehe 31 Machi 2017 kimekuwa cha mtihamu katika uendeshaji biashara zetu, mikakati yetu, na uwezo wetu wa kukabili na kuhimili changamoto za hali ya masoko zilivyo kwa sasa. Wakati tukiendelea kushikilia rekodi ya kuongoza katika masoko yetu, utendaji wa jumla katika kampuni yetu, umeathiriwa kwa kutofanya vizuri kutokana na vikwazo vilivyojitokeza katika uendeshaji wa sekta nzima ya vileo nchini na sababu nyinginezo za misukosuko ya kiuchumi ambayo baadhi yake ni:

1. Kipindi kirefu cha ukame ambao ulisababisha uhaba wa malighafi sambamba na kupungua kwa kipato cha wananchi wengi wanaojishughulisha na kilimo ambao ni asilimia 65 ya watazania.
2. Uamuzi wa serikali kuongeza asilimia 5% ya ushuru wa bidhaa kwenye bia kulisababisha bei za bidhaa zetu kupanda na watumiaji wengi kushindwa kumudu kuzinunua.
3. Hatua ya serikali kupiga marufuku matumizi ya vifungashio vya plastiki kuanzia Machi mosi ambayo ilisababisha upigwaji marufuku wa viroba. Vifungashio vya plastiki vilikuwa vinatawala kwa asilimia 75% kwa bidhaa zetu za vinywaji vikali na mvinyo kwenye masoko.

Mapato yetu katika biashara yameshuka kwa asilimia 5% kutokana na kushuka kwa mauzo ya bia, mvinyo na vinywaji vikali kwa uwiano wa asilimia 5% na asilimia 4 kutokana na mzigo wa ongezeko la kodi ya ushuru wa bidhaa, changamoto ya kudorora kwa uchumi, kushuka kwa vipato na kushuka kwa mahitaji ya bidhaa za mtindo wa maisha ya kisasa. Pamoja na uwepo wa hizi changamoto nyingi tumeweza kufanya vizuri zaidi katika upande wa mauzo ya bia za asili kwa ongezeko la asilimia 1.3 ambalo limechangiwa na kuzinduliwa kwa Chibuku yenye ujazo wa 500ml kwa bei ya shilingi 700/- ambayo imewezesha wanywaji wengi kuimudu na ni rahisi kuibeba hata kunywa majumbani kwao.

Mauzo yetu kwa ujumla yamepungua kwa asilimia 6 katika kipindi cha mwaka kutokana na kushuka kwa uzalishaji na wateja wetu wengi kuhamia kwenye matumzi ya vinywaji vyenye gharama nafuu wanazoweza kumudu. Faida ya biashara yetu pia imeshuka kwa asilimia 29 katika kipindi hiki cha mwaka kutokana na kushuka kwa mauzo sambamba na kupanda kwa gharama za uendeshaji

hususani upatikanaji wa malighafi kutokana na upungufu wa Mtama na Shahiri. Pamoja na changamoto za kiuchumi zilizojitokeza na kupelekea tufanye kazi katika mazingira magumu, tutazidi kutumia uzoefu wetu katika biashara kujipanga zaidi na kuhimili changamoto hizi katika kipindi kijacho. Tunaelewa kuwepo kwa hali nzuri ya kiuchumi ndiko kunawezesha watumiaji kumudu kutumia bidhaa zetu. Kutokana na hali hiyo Kampuni imeweka mikakati na vipaumbele vya kutekeleza katika mwaka ujao wa fedha ambavyo vitafanikisha kutuwezesha kusonga mbele kwa mafanikio. Mikakati na vipaumbele hivyo ni pamoja na;

1. Kuingiza zaidi bidhaa za gharama nafuu ambazo wateja wengi wataweza kuzimudu kwa kadri ya uwezo wao na kuzirasimisha kwenye masoko.
2. Kuboresha mtandao wa usambazaji wa bidhaa na kuhakikisha zinapatikana popote na kwa urahisi kwenye masoko.
3. Kuimarisha mikakati ya masoko ya bidhaa zetu kwa pamoja.
4. Kukuza biashara ya vinywaji vikali kufidia pengo la kupigwa marufuku vifungashio vya plastiki (viroba).
5. Kupunguza gharama za uendeshaji kwa kutumia mifumo ya kisasa ya kurahisisha biashara.
6. Kuajiri watu wenye vipaji na kuwapatia mafunzo kwa ajili ya kuwaandaa kuwa viongozi wa baadaye wa kampuni.

Katika kufanikisha ajenda yetu ya kuingiza sokoni bidhaa za gharama nafuu zaidi, tumeweza zaidi kuleta kwenye masoko bidhaa zetu kwenye vifungashio vya mililita 375 kwa gharama ya shilingi 1,500/-. Katika mwaka uliomalizika tuliingiza sokoni bia zinazouzwa kwa shilingi 1,500/-. Jumla ya matumizi ya uwekezaji wa kuongeza mtaji yalikuwa shilingi bilioni 96/- kulinganisha na kiasi cha shilingi bilioni 59.4 zilizotumika katika mwaka uliopita, kwa ajili ya uwekezaji wa kununua chupa zenye ujazo wa mililita 375 na kuimarisha miundo mbinu ya uzalishaji wa kuzitumia.

Ajenda ya kuingiza bidhaa za gharama nafuu kwenye soko imedhihirisha kuwa na mafanikio ambapo tangu ilipoanzishwa imewezesha kuongeza mauzo ya vinywaji vya bia katika kipindi cha mwisho cha robo ya mwaka kwa asilimia 1.4% kwa kulinganisha na kipindi kama hicho katika mwaka uliopita. Kwa ujumla mauzo ya kampuni yameongezeka katika

kipindi cha mwisho cha mwaka uliomalizika. Ili kusonga mbele kibiashara kwa mafanikio tuataendelea na mkakati wa kuingiza bidhaa zilizofungwa kwenye ujazo unaowezesha bei nafuu kuwezesha wateja wetu kumudu kuvinunua na kuweza kuongeza mauzo ya biashara zetu katika masoko.

Mkakati wa usambazaji wa bidhaa zetu kwa wateja (Route to Consumer-RTC) ni moja ya ajenda inayoweza kufanikisha mikakati wa kuwezesha wateja wetu kumudu kununua bidhaa zetu kwa urahisi na kwa gharama nafuu. Mikakati huu wa RTC ambao tumeanza kuutekeleza miaka miwili iliyopita katika mkoa wa mauzo wa Kusini unaendelea vizuri na umeanza kutekelezwa katika mkoa wa mauzo wa Kaskazini Mashariki, unalenga zaidi kuhakikisha bidhaa zetu zinasambaa na kuuzwa kwa wingi katika masoko. Katika kipindi cha muda mfupi umedhihirisha kuwezesha kuwakabili washindani wetu katika masoko na tutaendelea kuuboresha zaidi kadri siku zinavyosonga mbele na tunavyoingiza bidhaa kwenye masoko. Kutokana na kupigwa marufuku matumizi ya vifungashio vya plastiki nchini, tumeamua kubuni mfumo mpya wa uendeshaji biashara ya vinywaji vikali na mvinyo na kuja na mikakati itakayoweza kuendelea na biashara hizo kwa ufanisi katika masoko. Tumepanga kuhakikisha tunaleta vinywaji hivyo kwenye masoko kwenye vifungashio vinavyokubalika na vyenye ujazo ambao wateja wengi wataweza kumudu kuvinunua.

Ufanikishaji wa vipaumbele vyetu hauwezi kufanikiwa bila kuwahusisha wafanyakazi wetu. Katika kufanikisha suala hili kampuni ya TBL Group itaendelea kuwekeza kuajiri wafanyakazi wenye vipaji na kukuza vipaji hivyo kupitia mafunzo mbalimbali kwa ajili ya kuwajenga na kuwaandaa kuwa viongozi wa baadaye watakaendesha biashara za kampuni na kuifanya kampuni kufanikiwa kukua na kufanya biashara endelevu.

Katika mwaka uliomalizika tumeweza katika programu mbalimbali zinazoleta manufaa kwa wafanyakazi kama vile Programu ya Kujenga afya zao inayojulikana kama 'Afya Kwanza', Tuzo ya Motisha na Wow Bucks ikiwemo kufanikisha mafunzo mbalimbali ya wafanyakazi yakiwemo yanayohusiana na uongozi na utawala katika biashara. Kampuni inachukulia masuala yanayohusiana na wafanyakazi kwa umakini mkubwa kuhakikisha wanafanya kazi katika mazingira

mazuri, kuwapatia motisha na kuwapatia fursa mbalimbali zinazowawezesha kukuza taaluma zao zaidi na kupata maendeleo yao binafsi.

Tutaendelea kuwa mstari wa mbele kutekeleza dhamira yetu ya kusaidia shughuli za kijamii na wananchi. Tunashirikiana na wafanyabiashara wanaotuzia bidhaa za matumizi katika biashara zetu, wakulima, wateja wetu, wabia wetu katika biashara na Serikali kujenga jamii yenye maisha bora. Tunaamini kufanikiwa kuwa kampuni bora katika ukanda wa Afrika Mashariki inayowaleta watu pamoja kwa lengo la kuwawezesha kuwa na maisha bora ya mbeleni. Tumeweza kujitoa kuchangia mamilioni ya fedha kwa wahanga wa tetemeko la ardhi lililotokea mkoani Kagera na kuacha wananchi wengi wakiwa hawana makazi. Pia tunaendelea kuwekeza katika kuendesha kampeni za kuhamasisha unywaji wa kistaarabu na katika siku zijazo tutaingiza sokoni vinywaji vyenye kiwango kidogo cha kilevi kwa ajili ya wateja wetu. Kampuni yetu inaendelea kushiriki katika kukuza shughuli za kijamii na maendeleo ya kiuchumi nchini Tanzania kupitia mtandao wa

wafanyabiashara inaoshirikiana nao nchini pote kuanzia wakulima hadi wafanyabiashara wa rejareja wanaouza bidhaa zake. Tunawaunga mkono wakulima wetu katika jamii kwa njia mbalimbali ikiwemo kutengeneza aina mpya za bidhaa na kuboresha zaidi zilizopo ambapo zinatumiwa malighafi zilizozalishwa na wakulima wa hapa nchini sambamba na kuwezesha wakulima kuendesha kilimo bora, kuongeza uzalishaji na maisha yao kuwa bora zaidi.

Katika kufanikisha mkakati wetu wa kuwezesha bidhaa zetu kupatikana kwa gharama nafuu, mahitaji yetu ya mtama yameongezeka ambayo yanatulazimu kushirikiana na wakulima 234 kuhakikisha tunapata malighafi yenye ubora na uhakika mwaka ujao. Pia tumeweza wafanyabiashara wa rejareja tunaoshirikiana nao mafunzo ya mbinu za kibiashara zinazowawezesha kukuza biashara zao. Kupitia mpango wetu wa kutoa elimu kwa wafanyabiashara wadogowadogo tunaoshirikiana nao unaojulikana kama Retail Development Programme (RDP), tumeweza kuwafikia wafanyabiashara 1,800 kwa mwaka wa fedha uliomalizika.

Mnamo mwezi Oktoba 2016, Kampuni ya kutengeneza bia duniani ya Anheuser-Busch InBev NV, ilifanikiwa kununua kampuni ya SABMiller na kampuni zake tanzu na kuifanya kampuni mpya kuwa kampuni kubwa inayoongoza kutengeneza bia duniani. Mwelekeo wetu wa mbeleni, tunatarajia kukua kutokana na mikakati na vipaumbele tulivyojiwekea, kuwa chini ya AB InBev na kufuata kanuni zake za kibiashara kunatupatia fursa ya kuweza kufanya vizuri katika masoko na kuendelea kushikilia rekodi ya bidhaa zetu kuongoza katika masoko nchini. Natumaini mchanganyiko wa mikakati ya kukuza biashara tulivyojiwekea na kujituma kwa watu wetu kuifanikisha kwa ufanisi kutawezesha kampuni ya Tanzania Breweries Limited Group kusimama imara bila kuteteleka katika kipindi cha miaka ijayo.



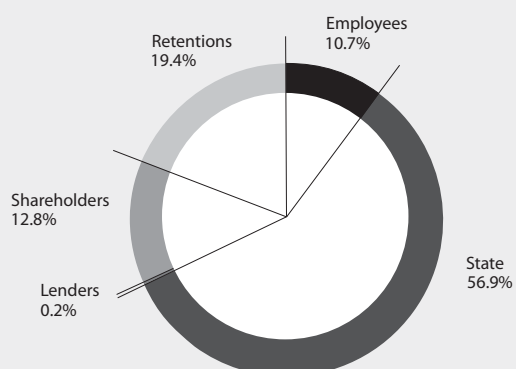
Roberto Jarrin
Mkurugenzi Mtendaji – TBL Group

Performance in a snapshot

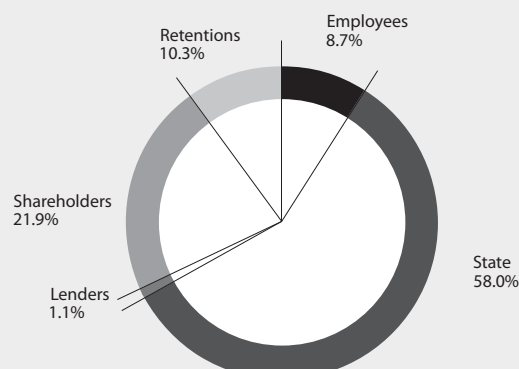
Cash value added statement

Million Tanzania Shillings	31 March, 2017	%	31 March, 2016	%
Cash generated				
Cash derived from sales	1,257,121		1,262,824	
Other income				
Cash value generated	1,257,121		1,262,824	
Cash paid to suppliers	(445,754)		(422,975)	
Cash value added	811,367	100	839,849	100
Cash utilised to				
Remunerate employees for their services	(86,413)	10.7	(73,188)	8.7
Pay direct taxes to Government	(90,042)	11.1	(93,469)	11.1
Pay excise duty and Value Added Tax	(371,858)	45.8	(393,407)	46.8
Provide lenders with a return on borrowings	(1,427)	0.2	(9,307)	1.1
Provide shareholders with cash dividends	(103,911)	12.8	(183,993)	21.9
Cash disbursed among stakeholders	(653,652)	80.6	(753,366)	89.7
Cash retained to fund replacement of assets and facilitate further growth	157,715	19.4	86,483	10.3

2017
%



2016
%



Directors' report

FOR THE YEAR ENDED 31 MARCH 2017

The Directors submit their directors' report together with the audited financial statements for the year ended 31 March 2017, which disclose the state of affairs of Tanzania Breweries Limited (the "Company") and its subsidiaries, Tanzania Distilleries Limited, Darbrew Limited and Kibo Breweries Limited, (together the "Group").

1 Incorporation

Tanzania Breweries Limited is incorporated in the United Republic of Tanzania under the Companies Act as a limited liability Company. The Company is listed on the Dar es Salaam Stock Exchange and is domiciled in the United Republic of Tanzania. The address of its registered office and the principal place of business is:

Uhuru Street,
Mchikichini, Ilala District,
Plot 79, Block "AA",
PO Box 9013,
Dar es Salaam, Tanzania.

2 Principal activities

The Company's principal activities are the production, distribution and sale of malt beer, non-alcoholic malt beverages and alcoholic fruit beverages (AFB's) in Tanzania. It operates breweries in Dar es Salaam, Arusha, Mwanza and Mbeya and eight depots throughout the country. It also produces malt at its malting plant in Moshi.

The Company has controlling interest in Tanzania Distilleries Limited, a spirituous liquor company that is situated in Dar es Salaam and Darbrew Limited an opaque beer company located in Dar es Salaam. It also fully owns Kibo Breweries Limited, an asset management company domiciled in Dar es Salaam.

The Group owns some of Tanzania's most popular liquor brands, notably:

Safari Lager;
Kilimanjaro Premium Lager;
Ndovu Special Malt; and
Konyagi.

The Company also produces and distributes Castle Lager, Castle Milk Stout, Castle Lite, Peroni and Redds Premium Cold under licence from SABMiller International BV. The subsidiary undertaking, Tanzania Distilleries Limited, also distributes Amarula and various other international brands of wines and spirits under licence from Distell (Pty) Limited of South Africa.

3 Vision

To be the most admired Company in beer industry in East Africa:

- The investment of choice;
- The employer of choice; and
- The partner of choice.

4 Mission

To own and nurture local and international brands which are the first choice of the consumer.

5 Operating and financial review

Market overview

The beer industry in Tanzania and in East Africa in general is becoming more competitive with more choices becoming available for the consumers. The business environment in Tanzania remained challenging with interrupted electricity supply hampering production and general infrastructure shortcomings causing challenges in delivering our products. Due these challenges, the business recorded a decline in volumes during the year.

Performance for the year

Tanzania Breweries Limited group of companies (TBL) has experienced tough trading conditions driven by a soft macro environment and industry specific challenges that include a banning of sachet packaging in our spirits business and a noticeable shift towards affordable beer products.

The Group is pleased to report results for the year affected by inflationary cost increases, market liquidity pressures and lower consumer disposable income.

Revenue of TShs 1,041,123 million represents a decline of 6% on prior year. The performance decline was as a result of a challenging year which saw volumes decline by 5%. There was also a shift to affordable beverages due to the lower disposable income.

5 Operating and financial review (continued)

This led to a 30% decline in profit after tax from Tshs 228,981 million in 2016 to Tshs 161,440 million in 2017.

A total of TShs 96 billion was invested in capital investment compared to TShs 59.4 billion in the prior year.

The group's cash generated from operations was Tshs 353 billion versus TShs 373 billion in 2016 reflecting 5% decline on prior year. Of this amount, TShs 90 billion was utilized to pay corporate income tax and the remaining amount funded capital expenditure, repayment of bank borrowings, interest expense and dividends paid to shareholders.

Future development

The level of business and the year-end position is satisfactory. The Company will continue with its expansion and facility upgrade programme. The Directors consider that the future prospects of the Company and the Group are promising.

6 Dividend

The Board of Directors approved payment of Tsh. 350 per share as dividend for the year ended 31 March 2017. This amounted to TShs 103,225 million (2016: TShs 600 per share amounting to TShs 176,957 million).

7 Composition of the Board of Directors

The Directors of the Company at the date of this report, all of whom have served since 1 April 2016, unless otherwise stated, are:

<i>Name</i>	<i>Nationality</i>	<i>Remarks</i>
Hon. C.D. Msuya	Tanzanian	Chairman. He is the (Rtd) Vice President and Prime Minister and was appointed on the TBL Board on 18 August 2005. For the year under review, he was an appointee of SABMiller Africa BV.
Mr. R. Jarrin	Ecuadorian	He is the Business Unit President, East Africa, and the Head of Sales, Tanzania Breweries Limited. He was appointed to the Board on 1 May 2014. He is representing SABMiller Africa BV.
Ambassador A.R. Mpungwe	Tanzanian	Businessman, appointed by SABMiller Africa BV, in October 2001.
Mr. L. Mususa	Tanzanian	A Certified Public Accountant and Private Management Consultant. He was appointed on 1 July 2015. He is an appointee of SABMiller Africa BV. He also serves as the Chairman of the Group Audit Committee.
Mr. A. B. S. Kilewo	Tanzanian	Former Executive Managing Director of Tanzania Breweries Limited. He was appointed in September 1999. He is an appointee of SABMiller Africa BV.
Mr. P. J. I. Lasway	Tanzanian	Business Consultant. He was appointed on 18 February 2010. He is an appointee of SABMiller Africa BV.
Ms. L. Swartz	South African	Peoples President AB Inbev Africa. She was appointed to the Board on 15 December 2015. She is an appointee of SABMiller Africa BV.
Mr. B.R. Hirsch	South African	Head of Strategy and Operations Finance for SABMiller Africa. He was appointed to the Board on 15 December 2015. He was representing SABMiller Africa BV. He resigned on 3 April 2017.
Dr. Adelhem J. Meru	Tanzanian	Permanent Secretary - Ministry of Trade, Industry and Investment sitting on the Board as the Government representative with effect from 8 April 2016. He represents the public and the minority shareholders on the Board.
Ms Dorothy Mwanyika	Tanzanian	Deputy Permanent Secretary - Ministry of Finance and Planning. She was appointed by the Government with effect from 8 April 2016. She represents the public and minority shareholders on the Board

In accordance with the Company's Articles of Association, the directors are not required to retire by rotation. The Board met three times during the year.

Operating Board:

<i>Name</i>	<i>Nationality</i>	<i>Remarks</i>	<i>Appointed</i>
Mr. Roberto Jarrin	Ecuadorian	Managing Director, Tanzania Breweries Limited.	1 April 2014.
Mr. David Magese	Tanzanian	Human Resources Director	1 September 2013
Mr. James Bokella	Tanzanian	Regional Director North East	December 2016
Mr. Ellis Muhimbise	Ugandan	Regional Director South	December 2016
Mr. Godwin Zakaria	Tanzanian	Regional Director North West	December 2016
Mr. Devis Deogratius	Tanzanian	Regional Director – TDL	December 2016

7 Composition of the Board of Directors (continued)

<i>Name</i>	<i>Nationality</i>	<i>Remarks</i>	<i>Appointed</i>
Mr. Magabe Maasa	Tanzanian	PPM & Revenue Management Director	February 2017
Mr. Carlos Bernitt	Ecuadorian	Sales & Route To Market Director	February 2017
Mr. Wayne Hall	South African	Finance Director	December 2016
Ms. Georgia Mutagahywa	Tanzanian	Legal & Corporate Affairs	November 2015
Mr. Vivianus Rwezaura	Tanzanian	Regional Director Far South	December 2016
Mr Thomas Kamphuis	Dutch	Marketing Director	December 2016

Company secretary as at the date of this report who has served throughout the year is Huruma Ntahena.

As at the date of this report, the Directors holding shares are listed below:

	Ordinary Shares 2017	Ordinary Shares 2016
C.D. Msuya	8,000	8,000
A.R. Mpungwe	7,000	7,000
A.B.S. Kilewo	37,641	37,641
P.J.I. Lasway	36,162	36,162
Total	88,803	88,803

8 Corporate governance

The Board of the Company consists of ten Directors. Apart from the Managing Director, no other directors hold executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant 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.

The Board is scheduled to meet quarterly. The Board delegates the day to day management of the business to the Managing Director assisted by Senior Management. Senior Management is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units.

The Company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability. During the year the Board had board sub-committees to ensure a high standard of corporate governance throughout the Company. These are audit and remuneration sub-committees.

Group Audit Committee

The Group Audit Committee monitors and reviews the effectiveness of the internal control and the internal financial control of the Company and its subsidiaries. The Group Audit Committee is a sub-committee of the Board and comprises three non-executive members. It is regulated by specific terms of reference and meets at least three times during the year. The Committee meets the external auditors and the internal audit department to review, inter alia, accounting, auditing, internal control, financial reporting matters and the published financial statements of the Company and the Group. The external auditors have unrestricted access, at all times, to the Group and subsidiary audit committees. Mr. L. Mususa chaired the Audit Committee.

The overall objective of the Group Audit Committee is to ensure that the operating board has created and maintained an effective control environment within the organization and that management demonstrates and stimulates the necessary respect of the internal control structure amongst all parties.

The Group Audit Committee members, as well as the internal and external auditors, have unlimited access to whatever information they require in performing their responsibilities.

The Company also has an audit sub-committee which meets quarterly and reviews the effectiveness of risk management processes; the appropriateness and adequacy of the systems of internal financial and operational controls. The audit sub-committee also tracks timeliness of management implementation of prior audit recommendations, and is chaired by the Group Internal Audit Manager.

8 Corporate governance (continued)

Remuneration committee

The remuneration committee comprises the Managing Director and two non-executive members, one whom chairs the committee. The committee is responsible for the assessment and approval of a broad remuneration strategy for the Company, including short term incentives for executive and senior management. The remuneration strategy is aimed at rewarding employees at market related levels and in accordance with their contribution to the Company's operating and financial performance in terms of basic pay as well as short-term incentives.

9 Capital structure and shareholders

The Company's authorised, issued and fully paid up share capital during the year was 294,928,463 ordinary shares of a par value of TShs 100 each (2016: 294,928,463). The Company has only one class of ordinary shares which carries no right to fixed income. The ownership structure is as set out in Note 22.2 of the financial statements.

10 Management

The Management of the Company is under the Managing Director and is organized in the following departments:

- Finance department;
- Sales and distribution department;
- Technical department;
- Human resources department;
- Marketing department;
- Corporate affairs and legal department.

11 Stock exchange information

The Company is listed on the Dar es Salaam Stock Exchange. The share price at 31 March 2017 was Tshs 12,000 (2016: TShs 13,890) and market capitalization was Tshs 3,539 billion (2016: TShs 4,096 billion).

12 Risk management and internal control

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an on-going basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 31 March 2017 and is of the opinion that they met accepted criteria. The Board carries out risk and internal control assessment through the Audit Committee.

The Board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

13 Employee welfare

Management and Employees' Relationship

Relations between employees and management continued to be good during the year. A healthy relationship continues to exist between management and trade union. The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees. This is achieved through formal and informal meetings.

13 Employee welfare (continued)

Training Facilities

The Company spent about Tshs 1,117 million for staff training programs in the year compared to Tshs 1,055 million in 2016. The programs are aimed at improving the employee's technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

Medical Assistance

The Company provides medical services through onsite dispensaries and outside hospitals. Staff are entitled to access referral hospitals as the need arises. All members of staff, their spouses and four children to the age of 21 years were availed medical insurance. Currently these services are provided by Resolution Insurance.

Health and Safety

The Company has a strong health and safety department which ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary. All breweries and a malting plant operated by the Company are audited by National Occupational Safety Association (NOSA) annually.

Financial Assistance to Staff

Loans are available to all employees depending on the assessment of and the discretion of management as to the need and circumstances. Management has established an emergency loan facility with favourable borrowing terms with a commercial bank and has assisted staff to establish and join the Company Savings and Credit Co-operative Society (SACCOS) to assist in promoting the welfare of its employees.

Persons with Disabilities

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employees Benefit Plan

The Company pays contributions to two publicly administered defined contribution plans namely; the Parastatal Pension Fund (PPF) and the National Social Security Fund (NSSF) on a mandatory basis.

14 Gender parity

At 31 March 2017, the Company had 1,818 (2016: 2,223) employees, out of which 336 (2016: 291) were female and 1,482 (2016: 1,932) were male.

15 Related party transactions

All related party transactions and balances are disclosed in note 35 to the financial statements.

16 Political and charitable donations

The Company did not make any political donations during the year. Donations made to charitable organisations during the year amounted to Tshs 473 million (2016: TShs 430 million).

17 Environmental control programme

With the focused improvement methodology under the Manufacturing Way Principles, practiced by the Brewery's, TBL maintained its water usage ratio of 3.6 hl/hl of water used to Beer produced, in alignment to its goal. With Energy consumption being the major focus for the year, TBL achieved a 12.5 % reduction over prior year, with a major highlight of capital investment, into Solar energy at the Mbeya Brewery.

18 Corporate social responsibility

The Water Futures Partnership

The Company has been an active member of the 2030 WRG (2030 Water Resources Group), an association which addresses degradation of country's water sources and catchment areas for future generation use. Through this Partnership which involves both public and stakeholders, including the Ministry of Water, Dar es Salaam Water & Sewage Company (DAWASCO), and private sector; strategies have been developed in ensuring the identified potential risks are managed and/or mitigated immediately. TBL Group is working with AMREF Tanzania to ensure proper management of water initiatives.

18 Corporate social responsibility (continued)**Clean energy**

TBL group has several ongoing initiatives on clean energy. These include; an award winning dry de-husking project in Mwanza where barley grain husks are used in power turbines in the boiler room; solar energy project in Mbeya solar plant where solar energy is used to power sections of the brewery. The company staff have also participated in tree-planting initiatives and taken part in cleaning the environment neighboring factory sites.

Other CSR initiatives

TBL continues with its Partnership with the Police force on road safety in Tanzania with trainings held in the year for members of the press and the police force. The company also encourages employees to live a healthy lifestyle in the Afya Kwanza program where health check services are provided throughout all our sites as well as various fitness activities.

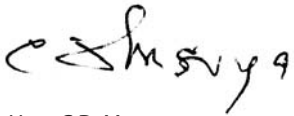
Several training initiatives have also been undertaken by the company including; Retail Development Program where micro-retailers are equipped with basic business skills; on-site vocational training to prospective artisans from the Mbeya Sunrise College and the Vocational Education and Training Authority (VETA); training of Local barley suppliers to adopt improved farming practices.

In addition the company has provided TBL female employees with a platform to address professional and personal concerns through the TBL Women's Forum and participate in the 'the Female Futures Program' which aims to fast-track women into management positions.

19 Auditor

The auditor, PricewaterhouseCoopers, has expressed its willingness to continue in office as auditor and is eligible for re-appointment. A resolution proposing the re-appointment of PricewaterhouseCoopers as auditor of the Company for the next financial year will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



Hon. C.D. Msuya
Chairman

Date: 4th October 2017

Statement of directors' responsibilities

FOR THE YEAR ENDED 31 MARCH 2017

The Companies Act, No.12 of 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the year. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. 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 accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No.12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with International Financial Reporting Standards (IFRS). The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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

Approved by the board of directors on and signed on its behalf by:



Hon. C.D. Msuya
Chairman

Date: 4th October 2017

Declaration of the head of finance

FOR THE YEAR ENDED 31 MARCH 2017

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 declaration issued by the Head of Finance/Accounting 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 true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

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

I CHARITY MWAKIO being the Finance Manager representing Head of Finance of the Group and the Company i.e Tanzania Breweries Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 March 2017 have been prepared in compliance with International Financial Reporting Standards (IFRS) and Companies Act No 12 of 2002.

I thus confirm that the financial statements give a true and fair view of the financial position of the Group and the Company i.e Tanzania Breweries Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by:



Position: FINANCE MANAGER
NBAA Membership No.: TACPA 3171
Date: 26th September 2017

Report of the independent auditor

TO THE MEMBERS OF TANZANIA BREWERIES LIMITED



Report on the audit of the Group and Company financial statements

Our opinion

In our opinion, the Group and Company financial statements give a true and fair view of the Group and Company financial position of Tanzania Breweries Limited (the Company) and its subsidiaries, (together the Group) as at 31 March 2017 and its group and company financial performance and its group and company cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

Tanzania Breweries Limited's Group and Company financial statements set out on pages 23 to 74 comprise:

- the Group and Company statements of financial position as at 31 March 2017;
- the Group and Company statements of profit or loss and other comprehensive income for the year then ended;
- the Group and Company statements of changes in equity for the year then ended;
- the Group and Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Group and Company financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirement of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and ethical requirements of the NBAA.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and company financial statements of the current period. These matters were addressed in the context of our audit of the group and company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Report on the Audit of the Group and Company financial statements (continued)***Key audit matter**Contingent liabilities relating to unresolved tax disputes

As disclosed in Notes 3 and 33 of the financial statements, the company has unresolved tax disputes with the Tanzania Revenue Authority (TRA) relating to transfer pricing and Value added Tax (VAT). The Group has objected to the additional tax assessments from Tanzania Revenue Authority based on advice from its external tax advisors and it awaits feedback from the revenue authority.

The Directors believe that no provisions are required for potential losses from the unresolved tax disputes having demonstrated to TRA that the service costs have been accounted for in accordance with transfer pricing regulations and the price charged by the Group to its customers was inclusive of VAT. The settlement of these disputes could be materially different from the directors' assessment.

Contingent liability relating to uncertain tax positions

As explained in Note 33 (iii) of the financial statements the Company's subsidiary, Tanzania Distilleries Limited (TDL), received an assessment of TShs61.5 billion from Tanzania Revenue Authority relating to excise duty (principal tax plus interest and penalties) for years of income 2008 to 2016.

The directors have exercised judgement not book any provision as they have applied for a retrospective waiver from the Government which awaits the decision by Minister for Finance. The outcome of the retrospective application for waiver could be materially different from the directors' estimates.

How our audit addressed the Key audit matter

We tested management's process for identification and evaluation of exposures from TRA assessments.

We obtained a list of open tax matters and tax assessments by TRA as at 31 March 2017. We tested completeness of the list by examining minutes of the board meetings and legal correspondences between the Group and its lawyers and obtained a confirmation from Group tax manager.

We examined correspondences between Management, Tanzanian Revenue Authority, Ministry of Trade and Ministry of Finance.

We obtained and assessed third party advice that was applied by management to assess the level of provisioning required and the tax objections filed thereon. Additionally, we independently consulted our tax specialists on the reasonableness of the tax judgements made by the Company.

We performed audit procedures regarding the recording of provisions for tax exposures based on management's own assessment and the advice provided by the group's tax advisor.

We obtained and examined report prepared by management for evaluation of performance obligations included in the initial memorandum of understanding between TDL and Government.

We audited the disclosures made in the financial statements in relation to contingent liabilities and significant judgement applied by directors to check adequacy and accuracy of information reported by directors.

Other information

The directors are responsible for the other information. The other information comprises the directors' report, statement of directors' responsibilities and declaration of the head of finance which we obtained prior to the date of this auditor's report, and the Chairman's statement 'English and Swahili' versions, Managing Director's report 'English and Swahili' versions, 10 Principles, 10 Year review and Cash value added statement which is expected to be made available to us after that date but does not include the Group and Company financial statements and our auditor's report thereon.

Our opinion on the Group and Company financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

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

When we read Chairman's statement 'English and Swahili' versions, Managing Director's report 'English and Swahili' versions, 10 Principles, 10 Year review and Cash value added statement if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Report on the Audit of the Group and Company financial statements (continued)

Responsibilities of directors for the Group and Company financial statements

The directors are responsible for the preparation and fair presentation of the Group and Company financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, CAP 212 Act No. 12 of 2002, and for such internal control as management determines is necessary to enable the preparation of Group and Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, directors are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Group and Company financial statements

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement whether due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group and Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group and Company financial statements or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the Group and Company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

Report on the Audit of the Group and Company financial statements (continued)

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

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.

As required by the Companies Act, No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.



Zainab S Msimbe, ACPA – PP

For and on behalf of PricewaterhouseCoopers

Certified Public Accountants

Dar es Salaam

Date: 4th October 2017

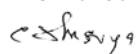
Statement of profit or loss and other comprehensive income

		Group		Company	
For the year ended 31 March 2017					
Million Tanzania Shillings	Notes	2017	2016	2017	2016
Revenue	6	1,041,123	1,112,608	854,087	909,676
Cost of sales	7	(593,616)	(574,414)	(457,722)	(438,369)
Gross profit		447,507	538,194	396,365	471,307
Selling and distribution costs	7	(143,151)	(142,027)	(109,541)	(120,823)
Administrative expenses	7	(61,265)	(60,341)	(47,432)	(54,011)
Other (expenses)/income	9	(8,032)	(5,882)	(7,385)	11,540
Fair value gain on derivatives	10	82	126	82	126
Operating profit		235,141	330,070	232,089	308,139
Finance income	11	1,723	6,596	12,351	14,951
Finance costs	11	(2,264)	(8,854)	(2,048)	(7,117)
Profit before income tax		234,600	327,812	242,392	315,973
Income tax expense	12	(73,160)	(98,831)	(71,606)	(90,536)
Profit for the year		161,440	228,981	170,786	225,437
Attributable to:					
Non-controlling interests		(4,014)	6,073	-	-
Equity holders of company		165,454	222,908	-	-
		161,440	228,981	-	-
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Gain on re-measurement of defined pension benefit		236	-	269	-
Deferred tax on re-measurement of defined pension benefit		(71)	-	(81)	-
Cash flow hedges:					
Gains on cash flow hedges		2,136	1,403	1,761	1,482
Deferred tax on fair value gain		(641)	(431)	(528)	(445)
Total comprehensive Income		163,100	229,953	172,207	226,474
Attributable to					
Non-controlling Interests		(3,931)	6,062	-	-
Equity holders of parents company		167,031	223,891	-	-
		163,100	229,953	-	-
Basic earnings per share (Tshs)	13	572.0	771.2		
Diluted earnings per share (Tshs)	13	561.0	755.8		

Statement of financial position

		Group		Company	
For the year ended 31 March 2017					
Million Tanzania Shillings	Notes	2017	2016	2017	2016
ASSETS					
Non-current assets					
Property, plant and equipment	15	538,590	506,977	499,069	469,970
Intangible assets	16	49,503	49,165	1,381	1,491
Investments	17	88	88	53,942	53,942
		588,181	556,230	554,392	525,403
Current assets					
Derivative financial instruments	18	808	1,111	807	1,082
Inventories	19	125,311	125,991	93,298	91,729
Trade and other receivables	20	130,567	177,477	162,112	212,215
Current income tax	30	7,082	-	6,083	-
Bank and cash balances	21	77,966	38,127	69,533	14,220
		341,734	342,706	331,833	319,246
Total assets		929,915	898,936	886,225	844,649
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	22	29,493	29,493	29,493	29,493
Share premium		45,346	45,346	45,346	45,346
Retained earnings		647,332	584,930	637,625	569,876
Other reserves	23	(12,293)	(13,697)	(12,173)	(13,406)
		709,878	646,072	700,291	631,309
Non-controlling interests	24	8,087	12,018	-	-
Total equity		717,965	658,090	700,291	631,309
LIABILITIES					
Non-current liabilities					
Borrowings	25	241	529	-	-
Deferred income tax	26	43,465	50,323	47,526	48,243
Defined pension benefits	27	1,691	4,200	1,651	4,200
		45,397	55,052	49,177	52,443
Current liabilities					
Provisions for other liabilities and charges	28	2,001	2,235	2,001	2,235
Derivative financial instruments	18	1,323	2,529	674	2,144
Trade and other payables	29	160,535	153,139	133,561	125,858
Borrowings	25	2,694	25,661	521	24,355
Current income tax	30	-	2,230	-	6,305
		166,553	185,794	136,757	160,897
Total liabilities		211,950	240,846	185,934	213,340
Total equity and liabilities		929,915	898,936	886,225	844,649

The financial statements on pages 23 to 74 were approved by the board of directors on 4th October 2017 and signed on its behalf by:-



Hon. C.D. Msuya
Chairman

Statement of changes in equity

For the year ended 31 March 2017 Million Tanzania Shillings	Attributable to owners of the parent					Non-controlling interest	Total equity
	Notes	Share capital	Share premium	Other reserves	Retained earnings		
GROUP							
Year ended 31 March 2017							
Balance at 1 April 2016		29,493	45,346	(13,697)	584,930	12,018	658,090
Profit for the year		-	-	-	165,454	(4,014)	161,440
Comprehensive Income							
Re-measurement of defined benefit plan (net of tax)		-	-	-	173	(8)	165
Fair value gain on cashflow hedges (net of tax)	23	-	-	1,404	-	91	1,495
Total comprehensive income		-	-	1,404	165,627	(3,931)	163,100
Transaction with owners							
Dividends paid	14	-	-	-	(103,225)	-	(103,225)
At 31 March 2017		29,493	45,346	(12,293)	647,332	8,087	717,965

Million Tanzania Shillings	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Year ended 31 March 2016:								
Balance at 1 April 2015		29,493	45,346	(14,680)	538,979	599,138	13,657	612,795
Profit for the year		-	-	-	222,908	222,908	6,073	228,981
Comprehensive Income								
Fair value loss on cash flow hedges (net of tax)	23	-	-	983	-	983	(11)	972
Total comprehensive income		-	-	983	222,908	223,891	6,062	229,953
Transaction with owners								
Dividends provided for or paid	14	-	-	-	(176,957)	(176,957)	(7,701)	(184,658)
At 31 March 2016		29,493	45,346	(13,697)	584,930	646,072	12,018	658,090

Statement of changes in equity (continued)

For the year ended 31 March 2017 Million Tanzania Shillings	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
COMPANY						
Year ended 31 March 2017:						
Balance at 1 April 2016		29,493	45,346	(13,406)	569,876	631,309
Profit for the year		-	-	-	170,786	170,786
<i>Comprehensive Income</i>						
Re-measurement of defined benefit plan (net of tax)		-	-	-	188	188
Fair value gain on cash flow hedges (net of tax)	23	-	-	1,233	-	1,233
Total comprehensive income		-	-	1,233	170,974	172,207
Transaction with owners						
Dividends provided for or paid	14	-	-	-	(103,225)	(103,225)
At 31 March 2017		29,493	45,346	(12,173)	637,625	700,291

Million Tanzania Shillings	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
Year ended 31 March 2016						
At 1 April 2015		29,493	45,346	(14,443)	521,396	581,792
Profit for the year		-	-	-	225,437	225,437
Comprehensive income						
Fair value loss on cash flow hedges (net of tax)	23	-	-	1,037	-	1,037
Total comprehensive income		-	-	1,037	225,437	226,474
<i>Transactions with owners</i>						
Dividends provided for or paid	14	-	-	-	(176,957)	(176,957)
At 31 March 2016		29,493	45,346	(13,406)	569,876	631,309

Statement of cash flows

For the year ended 31 March 2017 Million Tanzania Shillings		Group		Company	
	Notes	2017	2016	2017	2016
Cash flows from operating activities					
Cash generated from operations	34(i)	353,096	373,078	347,116	293,982
Interest paid	34(ii)	(1,428)	(9,307)	(1,254)	(7,570)
Income tax paid	34(iii)	(90,042)	(93,295)	(85,320)	(82,906)
Net cash inflow from operating activities		261,626	270,476	260,542	203,506
Cash flows from investing activities					
Purchase of property, plant and equipment	34(v)	(96,002)	(59,382)	(89,073)	(51,279)
Purchase of intangible assets	16	-	(1,096)	-	(1,010)
Interest received	34(iv)	1,723	3,218	12,351	13,057
Dividend income received	9	-	-	-	14,302
Proceeds from disposal of property, plant and equipment		494	1,248	32	741
Net cash used in investing activities		(93,785)	(56,012)	(76,690)	(24,189)
Cash flows from financing activities					
Dividends paid to owners of the parent	34(vi)	(103,911)	(176,292)	(103,911)	(176,292)
Dividends paid to non- controlling interests	34(vi)	-	(7,701)	-	-
Repayment of bank borrowings	34(vii)	(518)	(750)	-	-
Net cash utilised in financing activities		(104,429)	(184,743)	(103,911)	(176,29)
Net increase in cash and cash equivalents					
		63,412	29,721	79,941	3,025
Cash and cash equivalents at beginning of the year		13,437	(19,662)	(10,135)	(15,054)
Exchange (loss)/gain on cash and cash equivalent		(836)	3,378	(794)	1,894
Cash and cash equivalents at the end of the year	21	76,013	13,437	69,012	(10,135)

Index to notes to the financial statements

For the year ended 31 March 2017

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1 GENERAL INFORMATION

Tanzania Breweries Limited is incorporated in the United Republic of Tanzania under the Companies Act as a limited liability Company. The Company is listed on the Dar es Salaam Stock Exchange and is domiciled in the United Republic of Tanzania. The principal activities of the Company and its subsidiaries are disclosed in the Directors' report. The address of its registered office is:

Uhuru Street,
Mchikichini, Ilala District,
Plot 79, Block "AA",
PO Box 9013,
Dar es Salaam, Tanzania.

2 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and those parts of the Companies Act, No. 12 of 2002 applicable to companies reporting under IFRS. 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 (TShs), rounded to the nearest million.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires the directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policy and disclosures**(i) New and amended standards adopted by the Group**

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2016 and have an impact on the Group and Company.

Disclosure Initiative - Amendments to IAS 1 effective for annual periods beginning on or after 1 January 2016. The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

- ◆ Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- ◆ Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance.
- ◆ There is also new guidance on the use of subtotals.
- ◆ Notes – confirmation that the notes do not need to be presented in a particular order.
- ◆ OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' regarding depreciation and amortisation effective for annual periods beginning on or after 1 January 2016. This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset are not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(i) New and amended standards adopted by the Group (continued)

be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendment to IAS 27, 'Separate financial statements' regarding the equity method. The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Effective for annual periods beginning on or after 1 January 2016.

Annual Improvements to IFRSs 2012-2014 cycle. The latest annual improvements effective for annual period beginning on or after 1 January 2016 clarify:

- ♦ IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition
- ♦ IFRS 7 – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34
- ♦ IAS 19 – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise
- ♦ IAS 34 – what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

(ii) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company and the Group, except the following:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2015. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group and Company is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The group is assessing the impact of IFRS 15.

IFRS 16: Leases was issued in January 2016 to replace IAS 17: Leases. The standard is effective for accounting periods beginning on or after 1 January 2019 with early adoption permitted if IFRS 15: Revenue from Contracts with Customers has been adopted. IFRS 16 will primarily change lease accounting for lessees. Lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability. Lessee accounting under IFRS 16 will be similar to existing IAS 17 accounting for finance leases, but will be substantively different for operating leases where rental charges are currently recognised on straight-line basis and no lease asset or lease loan obligation is recognized. Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting. The Group is assessing the impact of the accounting changes that will arise under IFRS 16.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)***Changes in accounting policy and disclosures (continued)***(ii) New standards and interpretations not yet adopted (continued)****Amendment to IAS 12 – Income taxes**

Recognition of deferred tax assets for unrealised losses. Annual periods beginning on or after 1 January 2017 (published Feb 2016)

The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets.

The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets.

Amendment to IAS 7 – Cash flow statements - Statement of cash flows on disclosure initiative - Annual periods beginning on or after 1 January 2017 (published Feb 2016)

In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group and the Company.

(b) Consolidation**(i) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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.

De-facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of their shareholders give the group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted within equity.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (continued)

(i) Subsidiaries (continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Profit or losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision maker has been identified as operating board that makes strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Tanzanian Shillings (TShs), rounded to the nearest million, which is the Group and Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into Tanzania Shillings using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at the statement of financial position date, which are expressed in foreign currencies, are translated into Tanzania Shillings at rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses that relate to borrowing and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other exchange gain or losses are presented in the profit or loss within 'other (losses)/gains'.

(e) Property, plant and equipment

All property, plant and equipment is stated at cost, less subsequent depreciation and impairment. Cost includes expenditure directly attributable to the acquisition of the items. Costs may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchase of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or Company and the cost of the item can be measured reliably.

2 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Property, plant and equipment (continued)**

Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over the estimated useful life, as follows:

Buildings	Shorter of the lease term or 50 years
Plant and machinery	10 – 15 years
Containers	3 years
Furniture and equipment	3 – 12 years
Vehicles	4 – 8 years

Land and buildings comprises mainly factories, depots and offices.

Containers in circulation are recorded within property, plant and equipment at cost net of accumulated depreciation less any impairment loss. Depreciation of returnable bottles and containers is calculated to write the containers off over the course of their economic life. Breakages and losses in trade are written off from the relevant cost and accumulated depreciation accounts.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance expenditures are charged to profit or loss during the financial period in which they are incurred.

Assets in the course of construction are carried at cost less any impairment loss. Cost includes professional fees and, for qualifying assets, certain borrowing costs. When these assets are ready for their intended use, they are transferred into the appropriate category. At this point, depreciation commences on the same basis as on other property, plant and equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

(f) Intangible assets**(i) Goodwill**

Goodwill arising on consolidation represents the excess of the costs of acquisition over the Group's interest in the fair value of the identifiable assets (including intangibles), less liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the Group's share of identifiable net assets acquired exceeds the fair value of the consideration, the difference is recorded as negative goodwill. Negative goodwill arising on an acquisition is recognised immediately in profit or loss.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment identified is recognised immediately in profit or loss and is not reversed.

(ii) Software

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring them to use.

Capitalised computer software, license and development costs are amortised over their useful economic lives of between 3 and 5 years.

Internally generated costs associated with maintaining computer software programmes are expensed as incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

(iii) Brands

Brands are recognized as an intangible asset where the brand has a long-term value. Acquired brands are only recognized where title is clear or the brand could be sold separately from the rest of the business and the earnings attributable to it are separately identifiable.

Acquired brands are amortised. In respect of brands currently held the amortization period is 10 to 40 years, being the period for which the group has exclusive rights to those brands.

(g) Impairment of assets

This policy covers all assets of the group see note 2 (i)), financial assets (see note 2 (z)) and deferred income tax assets (see note 2 (q)).

Impairment reviews are performed by comparing the carrying value of the non-current asset to its recoverable amount, being the higher of the fair value less costs to sell and value in use.

The fair value less costs to sell is considered to be the amount that could be obtained on disposal of the asset. The value in use of the asset is determined by discounting, at a market based pre-tax discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of non-current assets are written down by any impairment amount, the loss is recognised in profit or loss in the period in which it is incurred.

Where the asset does not generate cash flows that are independent from the cash flows of other assets, the group or Company estimates the recoverable amount of the cash generating unit (CGU) to which the assets belongs. For the purpose of conducting impairment reviews, CGUs are considered to be groups of assets and liabilities that have separately identifiable cash flows. They also include those assets and liabilities directly involved in producing the income and a suitable proportion of those used to produce more than one income stream.

When impairment is recognised, the impairment loss is applied firstly to reduce the carrying amount of any goodwill allocated to the CGU then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in profit or loss in the period in which it occurs and the carrying value of the asset is increased. The increase in the carrying value of the asset is restricted to the amount that it would have been had the original impairment not occurred. Impairment losses in respect of goodwill are irreversible.

Intangible non-current assets with an indefinite life and goodwill are tested annually for impairment.

(h) Investments in subsidiaries

Investments in subsidiaries are carried at cost. If there is objective evidence that an impairment loss has been incurred on investments in subsidiaries, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Any subsequent reversal of an impairment loss is recognised in the statement of profit or loss and other comprehensive income.

(i) Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value, as follows:

- ◆ Raw materials: Purchase cost net of discounts and rebates on a first-in first-out basis (FIFO);
- ◆ Consumable stores and spares: Purchase cost net of discounts and rebates on a weighted average basis; and
- ◆ Finished goods and work in progress: Raw material cost plus direct costs and a proportion of manufacturing overhead expenses on a FIFO basis.

Net realisable value is the estimated selling price in an open market less further costs expected to be incurred to completion and disposal.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(j) Deposits by customers**

Bottles and containers in circulation are recorded within property, plant and equipment and a corresponding liability is recorded in respect of the obligation to repay customers' deposit. Deposits paid by customers for branded returnable containers are reflected in statement of financial position within current liabilities. Any estimated liability that may arise in respect of deposits for containers and bottles is shown in provisions.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 2(z) for a description of the group's impairment policies.

(l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits payable on demand, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on statement of financial position and are included within cash and cash equivalents on the face of the cash flows as they form an integral part of the Group's or Company's cash management.

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Investment in own shares (treasury and shares held by employee benefit trusts)

Shares held by employee share benefit trusts and in treasury are treated as a deduction from equity until the shares are cancelled, reissued or disposed of.

Purchases of such shares are classified in the statement of cash flows as a purchase of own shares for share trust or purchase of own shares for treasury within net cash from financing activities.

Where such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental costs and related tax effects is included in equity attributable to the Company's equity shareholders.

(o) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(p) Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in profit or loss within finance costs.

(q) Income tax

Income tax expense is the aggregate of the charge in profit or loss in respect of current and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) **Income tax** (continued)

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

Deferred income 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 taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(r) **Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(s) **Employee benefits**(i) Bonus plans

The Group and the Company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Defined contribution plan

The Group and Company pay contributions to the National Social Security Fund (NSSF) and Parastatal Pensions Fund (PPF), which are publicly, administered pension plans, on a mandatory basis. These are defined contribution schemes. A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity.

The Group and the Company have 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's and the Company's contributions are recognised as employee benefit expense when they are due.

(iii) Defined pension benefits

The Company introduced a defined benefit plan for select employees. The plan is a final salary pension plan, which provides benefit of 50% monthly basic salary for each year of service to permanent employees of grades A - FA in the form of a lump sum amount payable on retirement or on the occurrence of any event giving rise to the accrual of that benefit. The level of benefit provided depends on member's length of service and the final salary at retirement. The plan is unfunded and the company meets benefit payment obligations as they fall due.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

(t) **Earnings per share**

Basic earnings per share represent the profit on ordinary activities after taxation attributable to the equity shareholders of the parent entity, divided by the weighted average number of ordinary shares outstanding during the year, excluding the weighted average number of ordinary shares held in the Group's and the Company's employee benefit trust during the year.

Diluted earnings per share represent the profit on ordinary activities after taxation attributable to the equity shareholders of the parent entity, divided by the weighted average number of ordinary shares outstanding during the year, including the weighted average number of ordinary shares held in the Group's and the Company's employee benefit trust during the year.

2 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(t) Earnings per share** (continued)

year, plus the weighted average number of dilutive shares resulting from share options and other potential ordinary shares outstanding during the year.

(u) Dividends distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

(v) Revenue recognition*(i) Sale of goods and services*

Revenue represents the fair value of consideration received or receivable for goods and services sold to third parties and is recognised when the risks and rewards of ownership are substantially transferred. Risks and rewards are deemed to have substantially transferred once goods leave the relevant TBL Group's warehouse or depot, based on a customer's order.

The Group and Company present revenue gross of excise duties because, unlike value added tax, excise is not directly related to the value of sales, it is not recognised as a separate item on invoices, increases in excise duties are not always directly passed on to customers, and the Group and Company cannot reclaim the excise duties where customers do not pay for product received. The Group and Company, therefore, consider excise duties as a cost to the entity and reflect it as a production cost. Consequently, any excise duties that is recovered in the sale price is included in revenue.

Revenue excludes value added tax. It is stated net of price discounts, promotional discounts and after an appropriate amount has been provided to cover the sales value of credit notes yet to be issued that relate to the current and prior periods. The same recognition criteria also apply to the sale of by-products and waste (such as spent grain, malt dust and yeast).

The same recognition criteria also apply to the sale of by-products and waste (such as spent grain, malt dust and yeast).

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Royalty income

Royalty income is recognised on an accruals basis in accordance with the relevant agreements and is included in other income.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(w) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Group or Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(x) Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Financial assets*(i) Classification*

The group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

The group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading or if upon initial recognition they are designated as at fair value through profit or loss. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets. The groups' financial assets at fair value through profit or loss consist of derivative financial instruments.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Financial assets through profit or loss are subsequently measured at fair value.

(z) Impairment of financial assetsAssets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised profit or loss.

(aa) Derivative financial assets and financial liabilities

Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(aa) Derivative financial assets and financial liabilities (continued)**

These include derivatives embedded in host contracts. Such embedded derivatives need not be accounted for separately if the host contract is already fair valued; if it is not considered as a derivative if it was freestanding; or if it can be demonstrated that it is closely related to the host contract.

There are certain currency exemptions which the Group and Company have applied to these rules which limit the need to account for certain potential embedded foreign exchange derivatives, namely where a contract is denominated in the functional currency of either party or in a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place.

For derivatives that have not been designated to a hedging relationship, all fair value movements are recognised immediately in profit or loss.

(ab) Derivative financial instruments – hedge accounting

Financial assets and financial liabilities at fair value through profit or loss include all derivative financial instruments. The derivative instruments used by the Group, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise forward foreign exchange contracts and other specific instruments as necessary under the approval of the board. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the group in line with the group's risk management policies. The group also has derivatives embedded in other contracts primarily cross border foreign currency supply contracts for raw materials.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the hedging relationship.

In order to qualify for hedge accounting, the group documents at inception, the relationship between the hedged item and the hedging instrument as well as its risk management objectives and strategy for undertaking hedging transactions. The group documents and demonstrate that the relationship between the hedged item and the hedging instrument will be highly effective. This effectiveness test is reperformed at each period end to ensure that the hedge has remained and will continue to remain highly effective.

The Group designates certain derivatives as either: hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or hedges of highly probable forecast transactions or commitments (cash flow hedge).

Cash flow hedges

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage currency and interest rate risk to which the cash flows of certain liabilities are exposed. The effective portion of changes in the fair value of the derivative that is designated and qualifies for hedge accounting is recognized in other comprehensive income. The ineffective portion is recognized immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the period in which the hedged item affects profit or loss. However, where a forecasted transaction results in a non-financial asset or liability, the accumulated fair value movements previously deferred in equity are included in the initial cost of the asset or liability.

(ac) Comparatives

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Income tax

Significant judgment is required in determining the Group's and Company's overall income tax provision or estimated future recovery of income tax losses. There are many transactions and calculations, for which the ultimate tax determination is uncertain. The Company and Group recognise liabilities for anticipated tax audit issues, based on estimates of whether

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(i) *Income tax (continued)*

additional taxes will be due. Where the final outcome of tax matters is different from the amounts that were initially recorded, such differences will have an impact on the current and any deferred income tax provisions in the periods in which the determination is made. The Group received a number of additional tax assessments from Tanzania Revenue Authority.

The Directors have exercised significant judgement in concluding whether liability will crystalize from the tax assessments. As disclosed in Note 33 of the financial statements, some of these amounts have not been taken into account by directors in preparation of the financial statements.

(ii) **Impairment of goodwill**

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2 (f). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. No impairment charge arose during the course of the year. The value in use as at 31 March 2017 was estimated at TShs 2,248 billion (2016: TShs 3,710 billion).

If the budgeted EBITDA growth rate used in the value-in-use calculation for the Clear beer segment had been 10% lower than management's estimates at 31 March 2017, the estimated value in use would have been TShs 331 billion (2016: TShs 549 billion) lesser than the management estimated value and would have resulted to no impairment of goodwill. If the estimated cost of capital used in determining the pre-tax discount rate for the Clear beer segment had been 10% higher than management's estimates, the fair value would have been TShs 568 billion (2016: TShs 297 billion) lower than the estimated amount, resulting in no impairment of goodwill. If the estimated long-term growth rate used in determining the value in use of the clear beer segment had been 10% lower than management's estimates, the fair value would have been TShs 313 billion (2016: TShs 192 billion) lower than the estimated amount, which will result to no impairment of goodwill.

(iii) **Property, plant and equipment**

The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. The Group and Company regularly reviews all of its depreciation rates and residual values to take account of any changes in circumstances, and any changes that could affect prospective depreciation charges and asset carrying value

(iv) **Defined pension benefit**

The present value of the retirement benefit plan depends on a number of factors that are determined in an actuarial basis using assumptions of discount rate, salary escalation rate, mortality rates, invalidity rates and withdrawal rates.

Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost for pensions include the discount rate. Other key assumptions for pension obligations are based in part on current market conditions. Refer to note 27 for the risk exposure and sensitivity analysis.

(v) **Inventory impairment provision**

Management carries out a regular review of the status of inventory determine whether there is any indication that these assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. In determining whether an impairment loss, management consider on whether there is objective evidence that the inventory are impaired. Management estimates of the inventory provision are based on the ageing of inventories and economic viability depending on their expected usage.

4 FINANCIAL RISK MANAGEMENT

4.1. Financial risk factors

The Group's and Company's activities expose them to a variety of financial risks including: market risk (including foreign exchange, interest rate and price risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimize potential adverse effects on the Group's financial performance. Risks management is carried out by the management on behalf of the Board of Directors.

Market risk

(i) **Foreign exchange risk**

The Group and Company import raw materials, capital equipment and services and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro and SA Rand. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1. Financial risk factors (continued)

Market risk (continued)

(i) Foreign exchange risk (continued)

Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies. The group and company are required to hedge the foreign risk exposure with the group treasury.

The Group adopts a policy of ensuring that net monetary assets or liabilities denominated in a non-functional currency are lower than TShs 20 billion. In addition, the Group's policy is to limit the impact to 1% of Group operating profit (excluding exceptional items) for each 10% change in foreign exchange rates.

The tables below set out the Group's currency exposures from financial assets and liabilities held by the group companies in currencies other than their functional currencies and resulting in exchange movements in profit or loss and statement of financial position.

Million Tanzania Shillings	Exposure in ZAR	Exposure in US\$	Exposure in Euro	Total exposure
GROUP				
31 March 2017				
Financial assets/(liabilities)				
Cash and cash equivalents	1	9,829	896	10,726
Trade and other receivables	-	2,712	-	2,712
Borrowings	-	-	(515)	(515)
Trade and other payable	(2,351)	(23,326)	(7,639)	(33,315)
Net monetary liabilities	(2,350)	(10,785)	(7,258)	(20,392)

The Group currency exposure is greater than the limit of TShs 20 billion due to change in payment terms from 30 to 60 days in the year. However the Group considers the deviation immaterial and is currently reviewing the limit in the policy.

Million Tanzania Shillings	Exposure in ZAR	Exposure in US\$	Exposure in Euro	Total exposure
31 March 2016				
Financial assets/(liabilities)				
Cash and cash equivalents	975	5,977	7,226	14,178
Trade and other receivables	-	10,347	-	10,347
Trade and other payable	(207)	(15,949)	(7,493)	(23,649)
Net monetary assets/ (liabilities)	768	375	(267)	876

Million Tanzania Shillings	Exposure in ZAR	Exposure in US\$	Exposure in Euro	Total exposure
COMPANY				
31 March 2017				
Financial assets/(liabilities)				
Cash and cash equivalents	-	6,003	232	6,235
Trade and other receivables	-	2,311	-	2,311
Borrowings	(37)	(461)	(22)	(521)
Trade and other payable	(1,881)	(22,249)	(6,851)	(30,981)
Net monetary assets/(liabilities)	(1,918)	(14,396)	(6,641)	(22,956)

31 March 2016				
Financial assets/(liabilities)				
Cash and cash equivalents	760	4,317	2,951	8,028
Trade and other receivables	-	4,238	-	4,238
Trade and other payable	(177)	(15,630)	(7,461)	(23,268)
Net monetary assets/(liabilities)	583	(7,075)	(4,510)	(11,002)

4 **FINANCIAL RISK MANAGEMENT (CONTINUED)****4.1. Financial risk factors (continued)****Market risk (continued)****(i) Foreign exchange risk (continued)**

The Company currency exposure is greater than the limit due to change in payment terms from 30 to 60 days in the year. However the Company considers the deviation immaterial and is currently reviewing the limit in the policy.

At 31 March 2017, if the Tanzania shilling (TShs) had weakened/strengthened by 10% (2016: 10%) against the US dollar with all other variables held constant, Group's post-tax profit for the year would have been higher or lower by TShs 755 million (2016: TShs 49 million) and the Company's post-tax profit for the year by TShs 1,008 million (2016: TShs 493 million), mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated cash and cash equivalents, trade receivables and trade and other payable.

At 31 March 2017, if the Tanzania shilling (TShs) had weakened/strengthened by 10% (2016: 10%) against the Euro with all other variables held constant, Group's post-tax profit for the year would have been higher/lower by TShs 508 million (2016: TShs 17 million) and Company's post-tax profit for the year by TShs 465 million (2016: TShs 316 million), mainly as a result of foreign exchange gains/losses on translation of Euro-denominated cash and cash equivalents and trade and other payable.

At 31 March 2017, if the Tanzania shilling (TShs) had weakened/strengthened by 10% (2016: 10%) against the SA Rand with all other variables held constant, Group's post-tax profit for the year would have been higher or lower by TShs 164 million (2016: TShs 56 million) and Company's by TShs 134 million (2016: TShs 41 million), mainly as a result of foreign exchange losses/gains on translation of SA Rand-denominated cash and cash equivalents and trade and other payable.

The impact of foreign exchange fluctuation on Group's and Company's equity mainly as result of translation of foreign currency dominated trade and other payable is considered insignificant.

(ii) Cash flow and fair value interest rate risk

The Group's and Company's interest bearing financial liabilities include its bank overdrafts and term loans, some of which are at a variable rate, and on which it is therefore exposed to cash-flow interest rate risk. The Group and Company regularly monitor financing options available to ensure optimum interest rates are obtained. At 31 March 2017, an increase/decrease of 100 basis points (2016: 100 basis points) would have resulted in a decrease/increase in post-tax profit of the Group of TShs 21 million (2016: TShs 183 million) and Company of TShs 4 million (2016: TShs 170 million).

(iii) Price risk

The Group and Company exposure to price risk considered negligible both to the Group and Company.

Credit risk

Credit risk is managed by the National Credit Manager. Credit risk arises from cash at bank and short-term deposits with banks, as well as trade and other receivables and derivatives. The Group or Company has no significant concentrations of credit risk. The National Credit Manager assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

The counterparties to the transactions relating to the Group's and Company's cash and cash equivalents are financial institutions with a strong financial standing. The Group manages the risk by banking with financial institutions assessed as financially strong. Management does not believe there is a significant risk of non-performance by these counterparties.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. The Group and Company monitor receivables ensuring that all trade receivables are within their approved credit limits and no receivables have had their terms renegotiated.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings, if available, or historical information about counterparty default rates:

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Trade receivables and other receivables				
Counterparties without external credit rating:				
Group 1 – New customers	1,453	465	1,371	340
Group 2 – Existing customers with no defaults in the past	49,974	93,811	49,245	72,668
Existing customers not in group 1 and 2 above and other receivables (excluding advance to suppliers and prepayments) - Not in arrears	13,877	20,181	72,473	109,110
	65,304	114,457	123,089	182,118
Cash at bank and short term bank deposits	77,966	38,127	69,533	14,220
Derivative financial assets	808	1,111	807	1,082

There is no independent credit rating for banks operating in Tanzania. However, the Group and Company's bankers are reputable local banks and subsidiaries of reputable international banks. The Group banks with the following banks: Stanbic Bank Tanzania Limited, Standard Chartered Bank Tanzania Limited, Citibank Tanzania Limited, National Bank of Commerce Limited, CRDB Bank Plc and Microfinance Bank Plc

All major credit customers are required to give collateral in the form of cash deposits or bank guarantees. Credit risk is managed by limiting the aggregate amount of exposure to any counterparty. The guarantees can be called upon if the counter party is in default under the terms of the agreement.

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Collateral held comprises:				
Cash security	30,843	31,659	27,691	28,516
Bank guarantees and share certificates	43,266	51,713	41,914	51,713
	74,109	83,372	69,605	80,229

None of these assets are either past due or impaired except for the following amounts in trade receivables (which are due within 30 days of the end of the month in which they are invoiced). The individually impaired receivables mainly relate to trading debt. It was assessed that a portion of the receivables is expected to be recovered.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1. Financial risk factors (continued)

Credit risk (continued)

The aging of these receivables is as follows;

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Past due but not impaired:				
- by 31 to 60 days	11,095	15,890	7,983	7,377
- by over 60 days	28,240	36,373	9,194	13,239
Total past due but not impaired	39,335	52,263	17,177	20,616
Trade receivables individually determined to be impaired:				
Carrying amount before provision for impairment loss	26,148	3,778	1,640	1,527
Provision for impairment loss	(26,148)	(3,778)	(1,640)	(1,527)
Net carrying amount	-	-	-	-

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the group maintains flexibility in funding by maintaining availability under committed credit lines and through inter-Company short term advances. Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flows.

The table below shows the availability of funding for the Group from banks and their related utilisation at the statement of financial position dates.

Million Tanzania Shillings	31 March 2017		31 March 2016	
	Credit limit	Utilised	Credit limit	Utilised
Name of bank				
Group				
Stanbic Bank Tanzania Limited	30,000	-	30,000	-
Standard Chartered Bank Tanzania Limited	30,000	-	30,000	10,903
National Bank of Commerce Limited	41,600	1,852	110,945	13,787
	101,600	1,852	170,945	24,690

Million Tanzania Shillings	31 March 2017		31 March 2016	
	Credit limit	Utilised	Credit limit	Utilised
Name of bank				
Company				
Stanbic Bank Tanzania Limited	30,000	-	30,000	-
Standard Chartered Bank (T) Limited	30,000	-	30,000	10,902
National Bank of Commerce Limited	37,100	-	109,445	13,453
	97,100	-	169,445	24,355

The table below analyses the group's non derivative financial liabilities and derivative financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

4 **FINANCIAL RISK MANAGEMENT (CONTINUED)**
Liquidity risk (continued)

Million Tanzania Shillings	Group		Company	
	Within 1 year	Between 2 and 5 years	Within 1 year	Between 2 and 5 years
At 31 March 2017				
<i>Non derivative financial liabilities</i>				
Borrowings	2,694	240	521	-
Trade and other payable	127,685	-	106,750	-
	130,379	240	107,271	
<i>Derivative financial liabilities - Gross settled (forward foreign exchange contracts - cash flow hedges)</i>				
- Cash (inflow)	(22,585)	-	(19,786)	-
- Cash outflow	23,218	-	20,337	-
	633	-	551	-
<i>Financial guarantee</i>	3,125		3,125	-

Million Tanzania Shillings	Group		Company	
	Within 1 year	Between 2 and 5 years	Within 1 year	Between 2 and 5 years
At 31 March 2016				
<i>Non derivative financial liabilities</i>				
Borrowings	25,661	577	24,355	-
Trade and other payable	121,658	-	101,438	-
	147,319	577	125,793	-
<i>Derivative financial liabilities - Gross settled (forward foreign exchange contracts - cash flow hedges)</i>				
Cash (inflow)	(80,730)	-	(68,540)	-
Cash outflow	81,913	-	69,551	-
	1,183	-	1,011	-
<i>Financial guarantee</i>	-	5,005	-	5,005

4.2. Capital management

The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

During the year ended 31 March 2017 the Group's and Company's strategy, which was unchanged from the prior year, was to maintain a gearing ratio of below 150%. The gearing ratios at 31 March 2017 and 2016 were as follows:

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2. Capital management

Million Tanzania Shillings	Note	2017	2016
Group			
Total borrowings		2,935	26,189
Less: cash at bank and in hand	21	(77,966)	(38,127)
Net debt		(75,031)	(11,938)
Total equity		717,965	657,448
Total capital		642,934	645,510
Gearing ratio		(12%)	(2%)
Company			
Total borrowings	25	521	24,355
Less: cash at bank and in hand	21	(69,533)	(14,220)
Net debt		(69,012)	10,135
Total equity		700,291	630,757
Total capital		631,279	640,892
Gearing ratio		(11%)	(2%)

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).
- The following table presents the Group's and Company's financial assets and liabilities that are measured at fair value at 31 March 2017.

Million Tanzania Shillings	Level 1	Level 2	Level 3	Total balance
GROUP				
Year ended 31 March 2017				
Assets				
Embedded derivatives	-	-	807	807
Derivatives used for hedging				
- Foreign exchange contracts	-	-	1	1
	-	-	808	808
Liabilities				
Derivatives used for hedging				
- Foreign exchange contracts	-	-	(1,323)	(1,323)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation (continued)

Million Tanzania Shillings	Level 1	Level 2	Level 3	Total balance
COMPANY				
Year ended 31 March 2016				
<i>Assets</i>				
Embedded derivatives	-	-	725	725
Derivatives used for hedging				
- Foreign exchange contracts	-	-	386	386
	-	-	1,111	1,111
<i>Liabilities</i>				
Derivatives used for hedging				
- Foreign exchange contracts	-	-	(2,529)	(2,529)

The carrying value of trade receivables less impairment provision, borrowings and payables are assumed to approximate their fair value.

Million Tanzania Shillings	Level 1	Level 2	Level 3	Total balance
COMPANY				
Year ended 31 March 2017				
<i>Assets</i>				
Embedded derivatives	-	-	807	807
Derivatives used for hedging				
- Foreign exchange contracts	-	-	-	-
	-	-	807	807
<i>Liabilities</i>				
Derivatives used for hedging				
- Foreign exchange contracts	-	-	674	674

Year ended 31 March 2016

<i>Assets</i>				
Embedded derivatives	-	-	725	725
Derivatives used for hedging				
- Foreign exchange contracts	-	-	357	357
	-	-	1,082	1,082
<i>Liabilities</i>				
Derivatives used for hedging				
- Foreign exchange contracts	-	-	2,144	2,144

The carrying value of trade receivables less impairment provision, borrowings and payables are assumed to approximate their fair value.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The valuation technique maximises the use of observable market data where it is available and rely as little as possible on the Group and Company's specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value.

5 BUSINESS SEGMENTS INFORMATION

The operating board have determined the operating segments based on reports reviewed by the board of directors that are used to make strategic decisions.

The operating board of directors considers the business from market and product perspectives. Market wise, management considers the main lines through which the Group derives its revenue. Costs relating to the general group management are shared between the Company and its subsidiaries based on agreed management fees. The Group is currently organised into two main operating divisions; – Beer and Wines and Spirits. The beer operating segment comprises clear beer and opaque beer. The results of the asset management entity are immaterial hence have also been aggregated as part of the beer segment. The segment information provided by management for the reportable segments for the year ended 31 March 2017 and 31 March 2016 is as follows:

Million Tanzania Shillings	Beer	Wines & Spirits	(Eliminations) /consolidation	Total Group
2017				
Revenue				
Exports	1,970	9,048	-	11,018
Local	864,868	165,237	-	1,030,105
Total revenue from external customers	866,838	174,285	-	1,041,123
Operating profit	224,786	12,869	(2,514)	235,141
Finance income/(cost) (net)	9,869	(10,410)	-	(541)
Profit before tax	234,655	2,459	(2,514)	234,600
Income tax expense	(72,147)	(1,013)	-	(73,160)
Profit for the year	162,508	1,446	(2,514)	161,440
Depreciation, amortisation and breakages	61,209	2,282	-	63,491

Segment assets, liabilities and capital expenditure

Million Tanzania Shillings	Beer	Wines & Spirits	Eliminations/ consolidation	Total Group
2017				
Assets				
Investments	53,923	-	(53,835)	88
Other non-current assets	514,916	28,310	44,867	588,093
Current assets	313,214	68,026	(39,506)	341,734
	882,053	96,336	(48,474)	929,915
Liabilities and equity				
Current liabilities	138,537	67,522	(39,506)	166,553
Non-current liabilities	45,357	(4,149)	4,189	45,397
Owner's equity	690,649	32,963	(13,734)	709,878
Non-controlling interest	-	-	8,087	8,087
	874,543	96,336	(40,964)	929,915

5 BUSINESS SEGMENTS INFORMATION (CONTINUED)

Capital expenditure

Million Tanzania Shillings	Beer	Wines & Spirits	(Eliminations) /consolidation	Total Group
2017				
Property, plant and equipment	90,445	5,251	-	95,696
Intangible assets	306	-	-	306
	90,751	5,251	-	96,002
Statement of cash flows				
2017				
Operating activities	258,838	(7,601)	10,389	261,626
Investing activities	(78,145)	(5,251)	(10,389)	(93,785)
Financing activities	(104,429)	-	-	(104,429)
Net increase in cash and cash equivalents	76,264	(12,852)	-	63,412
Cash and cash equivalents at the beginning of the year	(7,319)	20,756	-	13,437
Exchange gain/loss on cash and cash equivalent	(836)	-	-	(836)
Cash and cash equivalents at the end of the year	68,109	7,904	-	76,013

Segmental statement of profit or loss

Million Tanzania Shillings	Beer	Wines & Spirits	(Eliminations) /consolidation	Total Group
2016				
Revenue				
Exports	2,868	7,004	-	9,872
Local	920,057	182,679	-	1,102,736
Total revenue from external customers	922,925	189,683	-	1,112,608
Operating profit	308,711	39,745	(18,386)	330,070
Finance income/(cost) (net)	7,835	(10,093)	-	(2,258)
Profit before tax				
Income tax expense	316,546	29,652	(18,386)	327,812
	(89,439)	(9,392)	-	(98,831)
Profit for the year	227,107	20,260	(18,386)	228,981
Depreciation, amortisation and breakages	52,578	2,332	-	54,910

The elimination relates to dividend income and management fees from its subsidiary, Tanzania Distilleries Limited.

5 BUSINESS SEGMENTS INFORMATION (CONTINUED)

Segment assets, liabilities and capital expenditure

Million Tanzania Shillings	Beer	Wines & Spirits	Eliminations/ consolidation	Total Group
2016				
Assets				
Investments	53,923	-	(53,835)	88
Other non-current assets	485,934	25,342	44,866	556,142
Current assets	226,469	116,257	(20)	342,706
	766,326	141,599	(8,989)	898,936
Liabilities and equity				
Current liabilities	77,981	107,833	(20)	185,794
Non-current liabilities	52,452	2,600	-	55,052
Owner's equity	635,893	31,166	(20,987)	646,072
Minority interest	-	-	12,018	12,018
	766,326	141,599	(8,989)	898,936
Capital expenditure				
2016				
Property, plant and equipment	50,828	8,103	-	58,931
Intangible assets	1,011	85	-	1,096
	51,839	8,188	-	60,027
Statement of cash flows				
2016				
Operating activities	219,437	51,039	-	270,476
Investing activities	(37,118)	(4,592)	(14,302)	(56,012)
Financing activities	(177,042)	(22,003)	14,302	(184,743)
Net increase in cash and cash equivalents	5,277	24,444	-	29,721
Cash and cash equivalents at the beginning of the year	(15,998)	(3,664)	-	(19,662)
Exchange gain/loss on cash and cash equivalent	3,378	-	-	3,378
Cash and cash equivalents at the end of the year	(7,343)	20,780	-	13,437

The elimination relates to dividend income from its subsidiary, Tanzania Distilleries Limited.

There were no revenues deriving from transactions with a single external customer that amounted to 10% or more of the Group's and Company's revenues.

6 REVENUE

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Sale of goods – Local	1,030,105	1,102,736	852,117	906,808
Sale of goods – Export	11,018	9,872	1,970	2,868
	1,041,123	1,112,608	854,087	909,676

7 EXPENSES BY NATURE

Excise duty	232,279	243,307	187,948	181,913
Raw materials used	199,764	220,817	121,907	155,204
Transport and vehicle running costs	43,432	32,791	36,397	27,184
Depreciation, write down and amortisation	63,491	54,910	59,916	51,019
Royalties	19,121	23,176	19,578	22,945
Impairment loss – receivables	22,370	209	1,073	143
Employee benefits expense (Note 8)	97,858	87,201	87,215	76,732
Advertising and promotion costs	34,043	40,098	29,819	33,796
Office running expenses	13,888	12,703	12,944	11,552
Operating lease rentals	10,918	9,688	8,728	7,052
Operating costs	20,297	10,579	14,556	7,576
Maintenance	16,091	12,686	13,829	10,815
Managerial, technical and administrative fees	23,716	28,156	20,252	26,912
Auditors, remuneration- audit services	544	422	431	321
Professional fees - non audit services	220	39	102	39
	798,032	776,782	614,695	613,203
<i>Classified as follows:</i>				
Cost of sales	593,616	574,414	457,722	438,369
Selling and distribution costs	143,151	142,027	109,541	120,823
Administrative expenses	61,265	60,341	47,432	54,011
	798,032	776,782	614,695	613,203

8 EMPLOYEE BENEFITS EXPENSE

The following items are included within employee benefits expense

- Wages, salaries and other benefits	95,855	78,457	85,934	68,715
- Retirement benefit costs (defined contribution plans)	4,276 (2,273)	4,544 4,200	3,561 (2,280)	3,817 4,200
- Defined pension benefit***	97,858	87,201	87,215	76,732

*** Movement from prior year includes adjustment for measurement error occurred in prior year. Comparative amount has not been restated as the error is not material.

9 OTHER (EXPENSES)/INCOME

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Loss on disposal of property, plant and equipment	(66)	(172)	(82)	(42)
Dividend income	-	-	-	14,302
Management fees	-	-	-	4,084
Foreign exchange loss	(7,172)	(5,914)	(6,046)	(6,236)
Sundry income/(expenses)	(794)	204	(1,257)	(568)
	(8,032)	(5,882)	(7,385)	11,540

10 DERIVATIVE INCOME

	Group		Company	
	2017	2016	2017	2016
Fair value gain on derivatives	82	126	82	126

11 FINANCE INCOME AND COSTS

Finance income

Interest income on bank balances	1,505	703	1,744	589
Interest income on intercompany accounts	218	2,515	218	2,645
Foreign exchange gains	-	3,378	-	1,894
Interest income on current account with a subsidiary	-	-	10,389	9,823
	1,723	6,596	12,351	14,951

Finance costs

Interest expense on bank borrowings	(1,363)	(8,242)	(1,189)	(6,505)
Interest expenses on current account with parent	(65)	(612)	(65)	(612)
Foreign exchange loss	(836)	-	(794)	-
	(2,264)	(8,854)	(2,048)	(7,117)

12 INCOME TAX EXPENSE

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Current income tax (Note 30)				
- Current tax on profit for the year	80,390	102,203	73,253	93,020
- Adjustments in respect of prior years	340	(87)	(321)	(150)
Deferred income tax (Note 26)				
- Current year charge on profit for the year	(4,751)	(3,001)	(38)	(1,759)
- Adjustments in respect of prior years	(2,819)	(284)	(1,288)	(575)
Income tax expense	73,160	98,831	71,606	90,536

12 **INCOME TAX EXPENSE (CONTINUED)**

The tax on the profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Profit before income tax	234,600	327,812	242,392	315,973
Tax calculated at a rate of 30%	70,380	98,344	72,718	94,792
Income not subject to tax	-	-	-	(4,210)
Expenses not deductible for tax purposes	562	858	349	679
Depreciation on non-qualifying assets	151	-	148	-
Adjustment to tax in respect of prior periods	(2,479)	(371)	(1,609)	(725)
Deferred tax assets on losses and overprovision for Darbrew	4,546	-	-	-
Income tax expense	73,160	98,831	71,606	90,536

13 **EARNINGS PER SHARE****Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

Group	2017	2016
Net profit attributable to ordinary shareholders (TShs'000)	165,454,000	222,907,663
Outstanding shares in issue (000's) [Note 22]	294,928	294,928
Less: Weighted average number of treasury shares (000's)	(5,899)	(5,899)
Weighted average number of share in issue excluding treasury shares (000's)	289,029	289,029
Basic earnings per share (TShs per share)	572.0	771.2

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares which is the treasury shares. These are shares held by the Company's Employees' Share Ownership Scheme.

Net profit attributable to shareholders (TShs'000)	165,454,000	222,907,663
Weighted average number of shares for diluted earnings per share (000's)	294,928	294,928
Diluted earnings per share (TShs per share)	561.0	755.8

14 **DIVIDENDS**

Million Tanzania Shillings	Company	Non-controlling interest	Group	Dividend per share TShs/ Share
2017				
Dividend	103,225	-	103,225	350
Total dividend expense	103,225	-	103,225	350

Dividend of TShs 350 per share amounting to TShs 103,225 million was approved by the board of directors of the Company and paid during the year.

14 **DIVIDENDS (CONTINUED)**

Million Tanzania Shillings	Company	Non-controlling interest	Group	Dividend per share TShs/ Share
2016				
First interim dividend	88,479	3,850	92,329	300
Second interim dividend	88,478	3,851	92,329	300
Total dividend expense	176,957	7,701	184,658	600

Dividend of TShs 600 per share amounting to TShs 176,957 million was approved by the board of directors of the Company and paid or provided for during the year.

15 **PROPERTY, PLANT AND EQUIPMENT**

Million Tanzania Shillings	Land and buildings	Plant and machinery	Furniture and equipment	Vehicles	Containers	Capital work in progress	Total
GROUP							
Year ended 31 March 2017							
Opening net book value	64,087	317,979	29,372	7,546	43,973	44,020	506,977
Additions	-	-	-	-	-	95,696	95,696
Disposals	-	(164)	(4)	(392)	-	-	(560)
Transfers	5,012	29,746	13,479	3,053	21,278	(72,568)	-
Container breakages and write-down	-	-	-	-	(10,747)	-	(10,747)
Depreciation charge	(4,515)	(31,632)	(6,547)	(2,180)	(7,902)	-	(52,776)
Closing net book value	64,584	315,929	36,300	8,027	46,602	67,148	538,590
At 31 March 2017							
Cost	101,357	541,284	84,032	31,242	94,981	67,148	920,044
Accumulated depreciation	(36,773)	(225,355)	(47,732)	(23,216)	(48,379)	-	(381,454)
Net book value	64,584	315,929	36,300	8,027	46,602	67,148	538,590

The Group's buildings, plant and machinery with net book value of TShs 380,513 million (2016: TShs 377,076 million) have been secured against borrowings as set out in Note 25 to the financial statements.

The capital work in progress amount mainly relates to the on-going capital projects for expansion of production facilities of the Company and its subsidiaries which are being undertaken in Arusha, Mwanza and Dar es Salaam plants.

15 **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Million Tanzania Shillings	Land and Buildings	Plant and machinery	Furniture, equipment	Vehicles	Containers	Capital work in progress	Total
GROUP							
Year ended 31 March 2016							
Opening net book value	66,420	336,842	28,979	5,714	40,514	24,890	503,359
Additions	26	1,003	1,647	-	-	56,255	58,931
Disposals	-	(840)	(415)	(165)	-	-	(1,420)
Transfers	1,687	11,077	5,637	3,471	15,184	(37,056)	-
Reallocations	403	426	(760)	-	-	(69)	-
Breakages, shrinkage and write-down	-	-	-	-	(5,616)	-	(5,616)
Depreciation charge	(4,449)	(30,529)	(5,716)	(1,474)	(6,109)	-	(48,277)
Closing net book value	64,087	317,979	29,372	7,546	43,973	44,020	506,977
At 31 March 2016							
Cost	96,404	511,892	69,762	28,899	92,379	44,020	843,356
Accumulated depreciation	(32,317)	(193,913)	(40,390)	(21,353)	(48,406)	-	(336,379)
Net book value	64,087	317,979	29,372	7,546	43,973	44,020	506,977

Million Tanzania Shillings	Land and Buildings	Plant and machinery	Furniture, equipment	Vehicles	Containers	Capital work in progress	Total
COMPANY							
Year ended 31 March 2017							
Opening net book value	56,425	300,696	27,887	4,018	42,671	38,273	469,970
Additions	-	-	-	-	-	88,767	88,767
Disposals	-	(164)	(4)	-	-	-	(168)
Transfers	3,990	25,190	12,957	2,058	21,278	(65,473)	-
Breakages, shrinkage and write-down	-	-	-	-	(10,747)	-	(10,747)
Depreciation charge	(3,967)	(29,616)	(6,414)	(854)	(7,902)	-	(48,753)
Closing net book value	56,448	296,106	34,426	5,222	45,300	61,567	499,069
At 31 March 2017							
Cost	90,880	518,627	78,224	24,971	92,123	61,567	866,392
Accumulated depreciation	(34,432)	(222,521)	(43,798)	(19,749)	(46,823)	-	(367,323)
Net book value	56,448	296,106	34,426	5,222	45,300	61,567	499,069

The Company's buildings, plant and machinery with a net book value of TShs 351,803 million (2016: TShs 357,121 million) have been secured against borrowings as set out in Note 25 to the financial statements.

The capital work in progress amount mainly relates to the on-going capital projects for expansion of production facilities of the Company and its subsidiaries which are being undertaken in Arusha, Mwanza and Dar es Salaam plants.

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Million Tanzania Shillings	Land and Buildings	Plant and machinery	Furniture, equipments	Vehicles	Containers	Capital work in progress	Total
COMPANY							
Year ended 31 March 2016							
Opening net book value	58,529	318,605	26,990	3,301	39,647	23,413	470,485
Additions	-	-	-	(165)	-	50,828	50,828
Disposals	-	(565)	(55)	3,471	-	-	(785)
Transfers	1,552	11,121	5,075	-	14,749	(35,968)	-
Reallocations	403	80	(483)	-	-	-	-
Breakages, shrinkage and write-down	-	-	-	-	(5,616)	-	(5,616)
Depreciation charge	(4,059)	(28,545)	(4,744)	(1,485)	(6,109)	-	(44,942)
Closing net book value	56,425	300,696	26,783	5,122	42,671	38,273	469,970
At 31 March 2016							
Cost	86,738	494,392	64,136	24,664	89,494	38,273	797,697
Accumulated depreciation	(30,313)	(193,696)	(37,353)	(19,542)	(46,823)	-	(327,727)
Net book value	56,425	300,696	26,783	5,122	42,671	38,273	469,970

16 INTANGIBLE ASSETS

Million Tanzania Shillings	Group				Company
	Goodwill	Goodwill	Goodwill	Goodwill	Software
Year ended 31 March 2017					
Opening net book value	44,867	1,514	2,784	49,165	1,491
Additions	-	306	-	306	306
Adjustment	-	-	492	492	-
Amortisation charge	-	(460)	-	(460)	(416)
Closing net book value	44,867	1,360	3,276	49,503	1,381
At 31 March 2017					
Cost	44,867	6,506	3,276	54,649	6,147
Accumulated amortisation	-	(5,146)	-	(5,146)	(4,766)
Net book value	44,867	1,360	3,276	49,503	1,381
Year ended 31 March 2016					
Opening net book value	44,867	943	3,276	49,086	942
Additions	-	1,096	-	1,096	1,010
Amortisation charge	-	(525)	(492)	(1,017)	(461)
Closing net book value	44,867	1,514	2,784	49,165	1,491
At 31 March 2016					
Cost	44,867	5,895	3,276	54,038	5,841
Accumulated amortisation	-	(4,381)	(492)	(4,873)	(4,350)
Net book value	44,867	1,514	2,784	49,165	1,491

16 INTANGIBLE ASSETS (CONTINUED)

The carrying amounts of the intangible assets approximate to their recoverable amounts. The carrying amount of goodwill is TShs 44,867 million (2016: TShs 44,867 million) out of which TShs 39,630 million arose from the acquisition of Kibo Breweries Limited in 2002 and TShs 5,237 million from acquisition of Darbrew Limited in March 2013. No impairment charge arose during the year (2016: Nil). The Group has a brand with carrying value of TShs 3,276 million which arose from the acquisition of 60% shareholding in Darbrew Limited in March 2013. The value of the brand was determined by discounting the expected future cash in-flows relating to the sales activities of the brand.

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the third-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the clear beer business in which the CGU operates.

Key assumptions used for fair value in use calculations are as follows;

		Rate (% per annum)	
		2017	2016
Compound annual growth rate (CAGR)		9%	9%
Long-term growth rate		5.1%	5.6%
Discount rate (WACC)		17.22%	13.29%
Key			
CAGR	Rate growth of revenue in the initial five years		
Long-term growth Rate	Weighted average growth rate used to estimate cash flows beyond the five years.		
Discount rate (WACC)	Post-tax working cost of capital rate (WACC rate) applied to cash flow projections.		

The recoverable amount calculated based on value in use exceeded carrying value by TShs 1,515,718 million. A compound annual growth rate (CAGR) of (36.6)% or a rise in discount rate to 68% would, all changes taken in isolation, result in the recoverable amount being equal to the carrying amount. If the long term growth rate were to change by +/-10% it would not have a material impact on the recoverable amount.

17 INVESTMENTS

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
(a) Investment in subsidiaries				
Kibo Breweries Ltd	-	-	42,414	42,414
Darbrew Limited	-	-	8,834	8,834
Tanzania Distilleries Ltd	-	-	2,606	2,606
	-	-	53,854	53,854
(b) Other equity investments				
Mountainside Farms Limited	88	88	88	88
	88	88	53,942	53,942

Other investments relate to a 4% shareholding in Mountainside Farms Limited. The unquoted investment is stated at cost as its fair value cannot be reliably measured.

Set out below are the group's principal subsidiaries and associates at 31 March 2017. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by group. The country of incorporation is also their principal place of business.

17 INVESTMENTS (CONTINUED)

Name of undertaking	Nature of business	Country of incorporation	% of ownership held by NCI		% of ownership held by group	
			2017	2016	2017	2016
Tanzania Distilleries Ltd	Manufacturer of spirituous liquor	Tanzania	35%	35%	65%	65%
Darbrew Ltd	Manufacturer of Opaque beer	Tanzania	40%	40%	60%	60%
Kibo Breweries Ltd	Rental of assets to related parties	Tanzania	-	-	100%	100%

Set out below is the summarised financial information for each of the two subsidiaries, Tanzania Distilleries Limited and DarBrew Limited.

Summarised statement of financial position

Million Tanzania Shillings	Tanzania Distilleries Limited		Darbrew Limited	
	2017	2016	2017	2016
Current				
Assets	68,026	116,257	10,945	8,990
Liabilities	(67,522)	(107,833)	(30,505)	(18,915)
Total net current assets/(liabilities)	504	8,424	(19,560)	(9,925)
Non-Current				
Assets	32,499	25,342	7,858	9,682
Liabilities	(40)	(2,600)	(241)	(750)
Total non-current net assets	32,459	22,742	7,617	8,932
Net assets/(liabilities)	32,963	31,166	(11,943)	(993)

Summarised statements of profit or loss and other comprehensive income

Million Tanzania Shillings	Tanzania Distilleries Limited		Darbrew Limited	
	2017	2016	2017	2016
Revenue	174,285	189,682	13,100	13,723
Profit/(loss) before income tax	2,459	30,059	(10,219)	(3,570)
Income tax (expense)/income	(1,013)	(9,392)	(610)	484
Profit/(loss) after tax	1,446	20,667	(10,829)	(3,086)
Other comprehensive income				
Re-measurement loss on defined benefit	(23)	-	-	-
(Losses)/gain on cash flow hedges	262	(31)	-	-
Total comprehensive income for the year	1,685	20,636	(10,829)	(3,086)
Allocated to Non- Controlling interest	589	7,223	(4,331)	(1,234)

17 INVESTMENTS (CONTINUED)

Summarised statement of cash flows

Million Tanzania Shillings	Tanzania Distilleries Limited		Darbrev Limited	
	2017	2016	2017	2016
Net cash used in operations	(7,387)	51,039	(2,242)	6,556
Net cash used in investing activities	(5,251)	(4,592)	(296)	(3,052)
Net cash generated from financing activities	-	(22,003)	(185)	(742)
Net increase in cash and cash equivalents	(12,638)	24,444	(2,723)	2,762
Cash and cash equivalents at start of the year	20,756	(3,664)	1,820	(942)
Exchange loss on cash and cash equivalents	(214)	(24)	-	-
Cash and cash equivalents at end of the year	7,904	20,756	(903)	1,820

18 DERIVATIVE FINANCIAL INSTRUMENTS

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
<i>Assets</i>				
Forward foreign exchange contracts – cash flow hedges	1	386	-	357
Embedded derivatives	807	725	807	725
Total	808	1,111	807	1,082
<i>Liabilities</i>				
Forward foreign exchange contracts – cash flow hedges	1,323	2,529	674	2,144

Cash flow hedges

The Group and Company hedges are in respect of anticipated cash flows mainly from purchase of raw materials, settling obligations dominated in foreign currency and capital expenditure.

The hedge accounting reserve represents the effective portion of changes in the fair value of the cash hedge (derivative); the ineffective portion is recognised immediately in profit or loss. All hedges during the year were effective. All cash flow hedge activities are being facilitated centrally by the AB InBev Group Treasury function since the second half of financial year ended 31 March 2013, which has resulted in significant synergies and savings for TBL Group.

The notional principal amount of outstanding forward foreign exchange contracts of the Group and Company as at 31 March 2017 was TShs 22,596 million (2016: TShs 81,913 million) and TShs 19,772 million (2016: TShs 69,551 million), respectively.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of 31 March 2017 are recognised in the profit or loss in the period or periods during which the hedged forecast transaction affects the profit or loss. This is generally within 12 months of the end of the reporting period at which time the respective gain and losses are transferred to property plant and equipment, receivables, payables or to the profit or loss as appropriate.

Embedded derivatives

The embedded derivatives arise from the contracts for supply of raw materials. These are forward foreign exchange contracts that are embedded in the suppliers' contracts. The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March were TShs 12,376 million (2016: TShs 9,805 million). The fair value of embedded derivatives represents the present value of the cash flows which would have been occurred if the rights and obligations arising from those derivatives were closed out in an orderly market place transaction at year end.

19 INVENTORIES

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Raw materials	51,956	55,049	34,539	42,094
Consumable stores and spares	41,583	43,909	39,616	41,971
Work in progress	10,132	6,708	9,611	6,333
Finished goods	26,022	26,356	13,903	7,178
	129,693	132,022	97,669	97,576
Less: Provision for impairment losses	(4,382)	(6,031)	(4,371)	(5,847)
	125,311	125,991	93,298	91,729

The cost of inventories recognised as an expense and included in 'cost of sales' in the Group's profit or loss amounted to TShs 199,764 million (2016: TShs 220,817 million). Similarly, this amounts to TShs 121,907 million (2016: TShs 155,204 million) in the Company's statement of profit or loss and other comprehensive income.

Inventories of engineering spares amounting to TShs 41,583 million (2016: TShs 43,909 million) are carried at cost. During 2017, TShs 4,382 million (2016: TShs 6,031 million) was charged to the Group's statement of profit or loss for damaged, obsolete and lost inventories. Similarly, TShs 4,371 million (2016: TShs 5,847 million) were charged to the Company's statement of profit or loss and other comprehensive income for damages, obsolete and lost inventories.

There is no inventory pledged as security for liabilities (2016: Nil)

20 TRADE AND OTHER RECEIVABLES

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Trade receivables	116,910	150,318	69,433	95,151
Less: Provision for impairment losses	(26,148)	(3,778)	(1,640)	(1,527)
Trade receivables-net	90,762	146,540	67,793	93,624
Advances to suppliers	8,186	889	6,086	889
Staff advances and loans	1,870	2,043	1,377	1,678
Due from related parties (Note 35 (v))	2,712	10,346	64,471	103,161
Other receivables	9,295	7,792	6,625	4,271
Prepayments	17,742	9,867	15,760	8,592
	130,567	177,477	162,112	212,215

Movements on the provision for impairment of trade receivables are as follows:

At start of year	(3,778)	(2,065)	(1,527)	(1,415)
Provision in the year	(22,370)	(1,713)	(113)	(112)
At end of year	(26,148)	(3,778)	(1,640)	(1,527)

The carrying amounts of the above receivables approximate their fair values.

21 **BANK AND CASH BALANCES**

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Cash in hand	175	260	75	101
Cash at bank	77,791	37,867	69,458	14,119
Total cash and bank balances	77,966	38,127	69,533	14,220

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2017	2016	2017	2016
Cash and bank balances	77,966	38,127	69,533	14,220
Bank overdrafts (Note 25)	(1,953)	(24,690)	(521)	(24,355)
Net cash and cash equivalents	76,013	13,437	69,012	(10,135)

22 **SHARE CAPITAL**22.1 **Ordinary share capital**

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
<i>Authorised, issued and fully paid:</i> 294,928,463 ordinary shares of TShs 100 each	29,493	29,493	29,493	29,493
<i>Share premium</i> Share premium at the start and end of year	45,346	45,346	45,346	45,346

There were no movements in the share capital and share premium of the Company during the year. The Company has only one class of ordinary shares which carries no right to fixed income. The ownership structure is as set out in Note 22.2 below.

22.2 **Ownership structure**

Million Tanzania Shillings	Ordinary Shares 2017	Ordinary Shares 2016	% holding 2017	% holding 2016
Resident shareholders:				
Ingawa Industries Limited	-	2,651,870	0.00	0.90
Parastatal Pension Fund	14,402,720	14,402,720	4.88	4.88
National Health Insurance Fund	4,854,370	4,854,370	1.65	1.65
Unit Trust of Tanzania	4,718,550	4,432,620	1.60	1.50
Public Service Pension Fund	1,020,581	1,020,581	0.35	0.35
National Social Security Fund	700,624	700,624	0.24	0.24
Employees Share Trust	5,898,570	5,898,570	2.00	2.00
General Public	82,907,530	77,317,174	28.11	26.22
Total resident	114,502,945	111,278,529	38.83	37.73
Non-resident shareholders				
SABMiller Africa BV	169,708,768	169,708,768	57.54	57.54
Others – East African shareholders	10,716,750	13,941,166	3.63	4.73
Total non-resident	180,425,518	183,649,934	61.17	62.27
Total ordinary shares in issue	294,928,463	294,928,463	100.00	100.00

23 OTHER RESERVES

Million Tanzania Shillings	Hedging reserve	Treasury shares	Total
GROUP			
Year ended 31 March 2017			
At start of the year	(1,497)	(12,200)	(13,697)
Fair value gain during the year	2,005	-	2,005
Deferred tax on fair value gain	(601)	-	(601)
At end of the year	(93)	(12,200)	(12,293)
Year ended 31 March 2016			
At start of the year	(2,480)	(12,200)	(14,680)
Fair value gain during the year	1,419	-	1,419
Deferred tax on fair value loss	(436)	-	(436)
At end of the year	(1,497)	(12,200)	(13,697)
COMPANY			
Year ended 31 March 2017			
At start of the year	(1,206)	(12,200)	(13,406)
Fair value gain during the year	1,761	-	1,761
Deferred tax on fair value gain	(528)	-	(528)
At end of the year	27	(12,200)	12,173
Year ended 31 March 2016			
At start of the year	(2,243)	(12,200)	(14,443)
Fair value gain during the year	1,481	-	1,481
Deferred tax on fair value loss	(444)	-	(444)
At end of the year	(1,206)	(12,200)	(13,406)

Treasury shares

Treasury shares represents the cost of 5,898,596 shares (2% of the company's paid up share capital) held in a Trust that is controlled by the Group. These shares are expected to be offered as share options to the employees in the future. The Trust has been consolidated in the financial statements on the basis of significant control and shares acquired have been accounted for as treasury shares.

Hedging reserve

Refer to the details on the hedge instruments under note 18.

24 NON-CONTROLLING INTERESTS

Million Tanzania Shillings	2017	2016
35% of equity of Tanzania Distilleries Limited	11,539	10,939
40% of equity of Darbrew Limited	(3,452)	1,079
	8,087	12,018
35% interest in the profit for the year of Tanzania Distilleries Limited	517	7,234
40% interest in the loss for the year of Dar Brew Limited	(4,531)	(1,161)
Dividends paid to non-controlling interest (note 14)	-	(7,701)
Re-measurement gain on defined benefit	(8)	-
35% interest in loss on cash flow hedge	91	(11)
	(3,931)	(1,639)

25 **BORROWINGS**

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Non-current				
NBC Limited - Term Loan	241	529	-	-
	241	529	-	-
Current				
Bank overdrafts	1,953	24,690	521	24,355
Short term bank loans	741	971	-	-
Interest payable on borrowings	-	-	-	-
	2,694	25,661	521	24,355
Total borrowings	2,935	26,190	521	24,355

i) **National Bank of Commerce (NBC) Term Loan**

This is a two years loan issued to the DarBrew Limited, a subsidiary of the Company to facilitate Polyethylene terephthalate (PET) plastic bottles project line. The facility has a limit of TShs 3 billion. It is repayable on a monthly basis and carries a floating interest rate which is an aggregate of benchmark and margin as determined by the bank. The margin and benchmark amount are 7% p.a and 20% p.a, respectively. The effective interest rate during the year was 13%.

The borrowing is secured by the following:

- Mortgage deed over property title no.404263, plot no 7/2 Block Ubungu Industrial area DSM in the name of Dar Brew Limited registered and stamped to cover an unspecified amount.
- Fixed and floating debenture covering Dar Brew Limited's assets.
- Corporate guarantee for TShs 3.1 billion from Tanzania Breweries Limited (Note 32).

ii) **Bank overdrafts**

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Overdrafts are made up as follows:				
National Bank of Commerce Limited	940	13,788	-	13,453
Standard Chartered Bank Tanzania Limited	1,013	10,902	521	10,902
	1,953	24,690	521	24,355

The overdraft facilities are annual facilities subject to review between April 2016 and March 2017. The facility is secured by the company's property, plant and equipment as disclosed in note 15.

iii) **Short term Loans**

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Current portion of NBC term loan	741	971	-	-

26 DEFERRED INCOME TAX

Deferred income taxes are calculated on temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

Deferred tax liabilities

Million Tanzania Shillings	Property, plant and equipment (PPE)	Other temporary differences	Hedge reserve and others	Total
GROUP				
At 1 April 2016	53,005	(2,037)	(645)	50,323
Charged to profit or loss	(1,643)	(5,927)	-	(7,570)
Charged to equity	-	-	712	712
At 31 March 2017	51,362	(7,964)	67	43,465
At 1 April 2015	57,283	(3,030)	(1,075)	53,178
Charged to profit or loss	(4,278)	993	-	(3,285)
Charged to equity	-	-	430	430
At 31 March 2016	53,005	(2,037)	(645)	50,323

The directors have assessed the appropriateness of the recognition of a deferred tax asset, taking account of current business plan and have concluded that it is appropriate to recognise a deferred tax asset in the current year because they are certain that the subsidiary will make sufficient taxable profits to utilise the tax losses in the foreseeable future.

Deferred income tax liabilities

Million Tanzania Shillings	Property, plant and equipment (PPE)	Other temporary differences	Hedge reserve and others	Total
COMPANY				
At 1 April 2016	53,057	(4,262)	(552)	48,243
Charged to profit or loss	(2,570)	1,244	-	(1,326)
Charged to equity	-	-	609	609
At 31 March 2017	50,487	(3,018)	57	47,526
At 1 April 2015	56,398	(5,269)	(996)	50,133
Charged to profit or loss	(3,341)	1,007	-	(2,334)
Charged to equity	-	-	444	444
At 31 March 2016	53,057	(4,262)	(552)	48,243

27 DEFINED PENSION BENEFITS

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
At start of year	4,200	-	4,200	-
- Current service cost	104	4,200	97	4,200
- Interest cost	295	-	295	-
- Reversal of excess current service cost in prior year **	(2,672)	-	(2,672)	-
Amount recognised to profit or loss	(2,273)	4,200	(2,280)	4,200
- Gain from change on assumptions	(190)	-	(190)	-
- Gain from changes of experience	(46)	-	(79)	-
Amount recognised in other comprehensive income	(236)	-	(269)	-
At end of year	1,691	4,200	1,651	4,200

In addition to the statutory National Social Security Contribution, the Company has an unfunded non-contributory employee defined pension plan. The defined benefit plan was introduced as a result of negotiations between TBL management and Tanzania Union of Industrial and Commercial Workers (TUICO) which is an association of the employees.

** Movement from prior year includes adjustment for measurement error which occurred in prior year. Comparative amount has not been restated as the error is not material.

Actuarial assumptions:

The significant actuarial assumptions were as follows:

	2017	2016
Discount rate	18.78% p.a	19.75%p.a
Salary escalation rate	6.5% p.a	6.0% p.a
Retirement age	60 years	60 years

Assumptions regarding future mortality are set based on actuarial advice in accordance with A1947/52 mortality table published by the institute of actuaries. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60. See the table below;

Mortality rates per million

Age	20	25	30	35	40	45	50	55	60
Male	1.11	1.12	1.16	1.32	1.88	3.30	5.99	10.35	0.00
Female	1.11	1.12	1.16	1.32	1.88	3.30	5.99	10.35	0.00

Risk exposure and sensitivity

Through its defined benefit pension plan the company is exposed to a number of risks. The most significant being changes in discount rates (which are set with reference to the Government of Tanzania bonds), salary inflation and life expectancy.

The actuarial valuation results are sensitive to the assumptions made with results being more sensitive to financial assumptions than the demographic assumptions. Particularly, the narrower the gap between the discount rate and the rate of salary escalation, the higher the value of the actuarial liabilities disclosed by the valuation.

27 **DEFINED PENSION BENEFITS (CONTINUED)****Sensitivity analysis**

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Increase in defined pension benefit due to 3% decrease in discount rate	100	-	97	-
Increase in defined pension benefit due to 3% increase in future long-term salary assumption	111	-	108	-

The sensitivity analysis above have been determined based on reasonable possible changes and assumptions remained unchanged.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

28 **PROVISIONS FOR THE OTHER LIABILITIES AND CHARGES**

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
At start of the year	2,235	739	2,235	739
Increase during the year	-	1,496	-	1,496
Provision utilised during the year	(234)	-	(234)	-
At end of the year	2,001	2,235	2,001	2,235

As at 31 March 2017, there was a number of pending legal cases where the Company or its subsidiaries were defendants. The directors have considered it probable that the outcome of these cases will be unfavourable to the Group and could result into an estimated loss of TShs 2,001 million (2016: TShs 2,235 million).

According to the nature of such disputes the timing of settlement of these cases is uncertain. Contingent liabilities relating to litigations have been disclosed in note 33.

29 **TRADE AND OTHER PAYABLES**

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Trade payables	97,358	75,289	77,993	65,100
Dividends payable	3,145	3,831	3,033	3,719
VAT payable	8,644	12,203	7,927	10,792
Excise duty payable	20,140	19,278	16,382	13,628
Payable to related parties (Note 35 (v))	19,704	16,964	20,548	16,964
Container liability	2,436	8,615	2,436	8,615
Other payables and accrued expenses	9,108	16,959	5,242	7,040
	160,535	153,139	133,561	125,858

The carrying amounts of the above payables and accrued expenses approximate to their fair values.

30 **CURRENT INCOME TAX (ASSETS)/LIABILITIES**

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
At start of the year	2,230	(6,591)	6,305	(3,659)
Current income tax charge for the year (Note 12)	80,730	102,116	72,932	92,870
Tax paid during the year	(90,042)	(93,295)	(85,320)	(82,906)
At end of the year	(7,082)	2,230	(6,083)	6,305

31 **FINANCIAL INSTRUMENTS BY CATEGORY****(a) Group**

Million Tanzania Shillings	2017	2016
At 31 March		
Loans and receivables		
Trade and other receivables (excluding advances to suppliers and prepayments)	104,639	166,721
Derivative financial instrument	808	1,111
Investments in associate	88	88
Cash at hand and bank deposits	77,966	38,127
	183,501	206,047
Other financial liabilities at amortised costs		
Borrowings	2,935	26,190
Derivative financial instruments	1,323	2,529
Trade and other payable (excluding statutory liabilities)	127,685	121,658
	131,943	150,377

(b) Company

Million Tanzania Shillings	2017	2016
At 31 March		
Loans and receivables		
Trade and other receivables (excluding advances to suppliers and prepayments)	140,266	202,735
Derivative financial instrument	807	1,082
Investments in associate	88	88
Cash at hand and bank deposits	69,533	14,220
	210,694	218,125
Other financial liabilities at amortised costs		
Borrowings	521	24,355
Derivative financial instrument	674	2,144
Trade and other payable (excluding statutory liabilities)	106,750	101,438
	107,945	127,937

32 **COMMITMENTS****Capital commitments**

As at 31 March 2017, the Group and Company had capital expenditure commitments as follows;

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Approved and contracted for but not recorded	10,810	3,309	10,810	3,309
Approved but not contracted for	-	5,397	-	4,523
	10,810	8,706	10,810	7,832

Guarantees

As at 31 March 2017, the Company had provided financial guarantees totalling TShs 3.1 billion (2016:TShs 5 billion), of which TShs 2.3 billion was provided to NBC Bank for loans granted to Darbrew Ltd, a subsidiary of the Company and the remaining was granted to CRDB Bank Plc for loans issued to staff of the Company

Operating lease commitments – where the Group and Company is the lessee

The group leases various houses for staff, offices and motor vehicles under non-cancellable operating lease agreements. The lease terms are between 1 to 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Not later than 1 year	11,714	10,469	8,728	7,052
Later than 1 year and no later than 5 years	3,186	3,122	-	-
Later than 5 years	1,858	2,602	-	-
	16,758	16,193	8,728	7,052

33 **CONTINGENT LIABILITIES****Legal cases**

As at 31 March 2017, the Company was a defendant in several lawsuits, the amount claimed in such lawsuits could amounting to TShs 3,421 million (2016: TShs 3,421 million), based on advice from legal counsel, a provision has been made for the cases amounting to TShs 537 million (2016: TShs 739 million).

Similarly for the Company's subsidiary, Tanzania Distilleries Limited (TDL), the amount claimed in such lawsuits could amount to TShs 776 million (2016: TShs 727 million), based on advice from legal counsel no amount has been provided for.

On 21 May 2010, the Fair Competition Commission (FCC) issued a decision upholding a complaint against the Company and imposed a fine of 5% of the Company's annual turnover for the year ended 31 March 2010. The Company lodged a notice of appeal against this ruling on 27 May 2010. The Fair Competition Tribunal delivered a judgment in favour of TBL on 6th December, 2012. It allowed TBL appeal and quashed and set aside the whole of the FCC decision. The FCC is aggrieved with the decision and lodged an application for revision at the Court of Appeal. The total amount involved in this matter is estimated to be TShs 23 billion. An amount of TShs 1,464 million has been provided for to cover legal fees.

Based on legal advice, the directors do not expect the outcome of the actions to have a material effect on the Company and Group's financial performance.

33 **CONTINGENT LIABILITIES (CONTINUED)****Contingent liabilities for uncertain tax positions****(i) Transfer pricing**

The Company has income tax assessments amounting to TZS 64 billion for additional corporate tax for years of income 2002 to 2012. The additional tax relates to capital deductions disputes and various transfer pricing adjustments. The additional tax assessed as a result of the capital deductions disputes is TZS 5.6 billion and has been provided for in full by management. The additional tax assessed on transfer pricing is TZS 58.7 billion and no provision has been made in respect of these. The directors have taken necessary steps to respond to TRA and in their response they have demonstrated that should the group shared services costs been accounted for in line with TRA's interpretation, the resulting tax would approximate to what is currently being paid by the Company. Notices of objection have been filed for all tax assessments in dispute. The Company paid objection deposit of TZS 5.2 billion to TRA as it awaits feedback from the revenue authority.

(ii) Valued Added Tax (VAT)

TDL received an addition income tax assessment of TShs 11 billion which relates to VAT on valuer brandy. This liability was based on the excise duty demand notes on an assumption that if the excise duty was applied, the price of Valuer Brandy would increase. In the contrary, the Directors believe that the Company absorbs excise duty as part of its operational costs and in any case, the price would remain at its market level. According to the provisions of the VAT Act 1997 and VAT Act 2014 the amount charged to the customers constitutes consideration, which includes both the value of the supply and VAT thereon. On this basis the Directors are of the view that the price charged by TDL to its customers was inclusive of VAT. As a result, no provision has been made for the additional tax assessed on VAT.

(iii) Excise Duty

During the year ended 31 March 2017 the Company's subsidiary Tanzania Distilleries Limited (TDL) received an excise duty assessment of TShs 61.5 billion for years of income 2008 to 2016. The additional tax relates to excise duty on Valeur Brandy. TDL had a Government Notice (GN) which provided full remission of excise duty on valeur brandy following the Memorandum of Understanding (MOU) that was entered with the Government in 2005. The GN expired on 30 June 2007 while the Memorandum of Understanding expired in June 2011. After the MOU expired, management of TDL applied for an extension from the Ministry of Finance. In October 2011, the Ministry of Finance acknowledged receipt of TDL's request for an extension of the MOU but no further response was obtained afterwards.

No excise duty was paid to the Government until July 2011 when TDL started charging excise duty at the rate equivalent to locally produced wine instead of the rate applicable for spirits. In absence of renewed MOU the directors made decision to pay excise duty at a low rate on account of TDL's social economic contribution to the local grape farmers in Dodoma. Similarly, because of its contribution to the local farmers the Group is paying a lower rate of TShs 429 per litre for beer produced from locally purchased unmalted cereals compared to the rate of TShs 2,236 per litre that would have been otherwise applied as stipulated in the Excise Duty Act 2016.

The directors have applied for a retrospective Government Notice (GN) which awaits response from the Ministry of Finance. The directors believe that there are sufficient commercial grounds to support the retrospective application of the waiver. As a result, no provision was made in the financial statements as at 31 March 2017 in respect of this liability.

(iv) Management fees

In December 2016, TRA issued additional corporate income tax assessments for years 2009 to 2015 making adjustments to disallow TZS 8,865 million management fees paid to Distell. After considering the withholding tax that has already been paid on the management fees, the additional tax liability arising is TZS 1,349 million. Management believes that the costs charged to Distell Mauritius can be supported hence no provision has been made in Group and TDL financial statements.

34 CASH FLOW INFORMATION

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
(i) Cash generated from operations				
Profit before income tax	234,600	327,812	242,392	315,973
Adjusted for:				
Interest expense (Note 11)	1,428	8,854	1,254	7,117
Interest income (Note 11)	(1,723)	(3,218)	(12,351)	(13,057)
Dividend income (Note 9)	-	-	-	(14,302)
Depreciation, container write- down/breakages and amortisation (Note 15 and Note 16)	63,491	54,910	59,916	51,019
(Decrease)/Increase on provision for liabilities (Note 28)	(234)	1,496	(234)	1,496
(Decrease)/Increase for provision defined benefits obligation (Note 27)	(2,273)	4,200	(2,280)	4,200
Foreign exchange loss/(gains)	2,837	(3,378)	2,182	(1,894)
Fair value movements on derivative (Note 10)	(82)	(126)	(82)	(126)
Loss on disposal of property, plant and equipment (Note 9)	66	172	82	42
	298,110	390,722	290,879	350,468
Changes in working capital				
Inventories	680	(5,682)	(1,569)	(1,353)
Trade and other receivables	46,910	(20,449)	50,103	(67,127)
Trade and other payables	7,396	8,487	7,703	11,994
Cash generated from operations	353,096	373,078	347,116	293,982
(ii) Interest paid				
Interest payable at 1 April	-	(453)	-	(453)
Interest expense (Note 11)	(1,428)	(8,854)	(1,254)	(7,117)
Interest payable as at 31 March (Note 25)	-	-	-	-
	(1,428)	(9,307)	(1,254)	(7,570)
(iii) Income tax paid				
Income tax recoverable/(payable) at 1 April	(2,230)	6,591	(6,305)	3,659
Current income tax expense (Note 12)	(80,730)	(102,116)	(72,932)	(92,870)
Income tax (recoverable)/payable as at 31 March (Note 30)	(7,082)	2,230	(6,083)	6,305
	(90,042)	(93,295)	(85,320)	(82,906)
(iv) Interest received				
Interest receivable at 1 April	-	-	-	-
Interest income (Note 11)	1,723	3,218	12,351	13,057
	1,723	3,218	12,351	13,057
(v) Purchase of property, plant and equipment				
Capex accrual at 1 April (Note 29)	-	(451)	-	(451)
Additions during the year (Note 15 and Note 16)	(96,002)	(58,931)	(89,073)	(50,828)
Cash utilised in purchase of property, plant and equipment	(96,002)	(59,382)	(89,073)	(51,279)

34 CASH FLOW INFORMATION (CONTINUED)

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
(vi) Dividends paid				
<i>By the Company</i>				
Dividends payable at 1 April	(3,831)	(3,166)	(3,719)	(3,054)
Dividend expense (Note 14)	(103,225)	(176,957)	(103,225)	(176,957)
Dividends payable at 31 March (Note 29)	3,145	3,831	3,033	3,719
	(103,911)	(176,292)	(103,911)	(176,292)
<i>By subsidiaries</i>				
Non-controlling interest's share of dividends paid (Note 14)	-	(7,701)	-	-
	(103,911)	(183,993)	(103,911)	(176,292)

(vii) Repayment of bank borrowings

The table below shows the movement of borrowings excluding overdraft and interest payable

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
At start of year	(1,500)	(2,250)	-	-
Additions (Note 25 (ii))	-	-	-	-
At end of year	982	1,500	-	-
Cash utilised in repayment of bank borrowings	(518)	(750)	-	-

35 RELATED PARTY TRANSACTIONS AND BALANCES

i) Sale of goods and services

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Sale of goods				
Fellow subsidiaries	9,486	8,500	1,970	4,842

The Company exports finished goods to Crown Beverages Limited, Kenbev Limited, South African Breweries (pty) and Zambia Breweries Limited, all subsidiaries of ABInBev.

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Sale of services				
Subsidiary	-	-	1,020	4,084

35 RELATED PARTY TRANSACTIONS AND BALANCES

The Company provides management services to its subsidiaries, Tanzania Distilleries Limited and Darbrew Limited.

ii) Purchase of goods and services

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Purchase of goods	61,576	63,684	58,226	62,164
Fellow subsidiaries	61,576	63,684	58,226	62,164

The Company purchases goods from MUBEX, a subsidiary of AB InBev. Mubex buys and on-sells raw materials and finished goods to companies within the AB InBev Group's Africa region.

Tanzania Distilleries Limited, as subsidiary of the Company, supplies raw spirits to Tanzania Breweries Limited.

Purchase of services

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Subsidiary	-	-	226	226
Fellow subsidiaries	42,836	51,270	40,778	49,855
	42,836	51,270	41,004	50,081

The Company leases certain plant and machinery, motor vehicles and furniture from its subsidiary, Kibo Breweries Limited.

Other related parties include Bevman Services A.G, a subsidiary of AB InBev, the Group's management company, and SABMiller International BV. The Company produces and distributes SABMiller International BV brands under license and pays royalty fees at a percentage of sales of the brands. The Group pays profit bonus to Bevman Services AG.

iii) Interest on intercompany accounts

Interest income on intercompany accounts

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Fellow subsidiary	-	2,515	-	2,645
Subsidiary	-	-	10,389	9,823
	-	2,515	10,389	12,468
Interest expense on intercompany accounts				
Parent	-	(612)	-	(612)

The Company is charged interest by its parent Company AB InBev for current accounts balances held.

Also the Company charges interest to its subsidiary Tanzania Distilleries Limited on current accounts balances held.

35 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

iv) Dividend income:

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Dividend income (Note 9)	-	-	-	14,302

v) Year-end balances arising from transactions with related parties:

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Receivable from related parties (Note 20)				
Subsidiary	-	-	61,759	92,815
Fellow subsidiaries	2,712	10,346	2,712	10,346
	2,712	10,346	64,471	103,161
Payable to related parties (Note 29)				
Subsidiary	-	-	2,332	2,219
Fellow subsidiaries	19,704	16,964	18,216	14,745
	19,704	16,964	20,548	16,964

The receivables from related parties arise mainly from sale transactions and are due three months after the date of sale. The receivables are unsecured. No provisions are held against receivables from related parties (2016: Nil).

The payables to related parties arise mainly from purchase transactions and are due three months after date of purchase.

vi) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the group.

a) Key management compensation

Million Tanzania Shillings	Group		Company	
	2017	2016	2017	2016
Salaries	8,090	6,412	6,940	5,294
Defined contribution plan	809	641	684	529
	8,899	7,053	7,634	5,823

No terminal or other long term benefits were paid to key management personnel during the year (2016: Nil).

b) Transactions with key management personnel

There were no transactions with key management personnel during the year.

c) Balances with key management personnel

As at 31 March 2017, total outstanding loan amount with key management personnel was nil (2016: Nil) No loans were made to Directors.

No provision was required in 2017 (2016: nil) for the loans made to key management personnel.

d) Directors' emoluments

	Group		Company	
Million Tanzania Shillings	2017	2016	2017	2016
Non-executive Chairman	39	34	30	23
Non-executive Directors	105	68	99	58
Executive Director (included in key management compensation above)	441	438	441	438
	585	540	570	519

A schedule detailing remuneration of each director is annexed to these financial statements for presentation to the annual general meeting.

The Directors of the Company own directly and indirectly 88,803 (2016: 88,803) ordinary shares of the Company as 31 March 2017.

During the year, there were no commitments, provision of guarantees and collateral with related parties. (2016: Nil).

36 ULTIMATE PARENT COMPANY

Anheuser-Busch InBev SA/NV ("AB InBev"), which is incorporated in Belgium and which has its registered business address at Brouwerijplein 1, B-3000 Leuven, Belgium owns 57.54% (2016: 57.54%) of the Company's issued shares

37 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on the date shown on page 17.

38 EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end, The Company received income tax assessments from Tanzania Revenue Authority (TRA) amounting to TZS 19 billion for additional corporate tax for years of income 2013 to 2016. The additional tax mainly relates to transfer pricing. The Directors are in process of filing a notice of objection to TRA as they believe that these costs have been accounted for in line with the requirements of the Income Tax Act and transfer pricing regulations.

The financial effects of this transaction have not been recognised at 31 March 2017.



Administration & notice of meeting

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 44th Annual General Meeting of the Shareholders of Tanzania Breweries Limited will be held at Julius Nyerere Convention Centre Hotel in Dar es Salaam on 10th November, 2017 at 10h00, for the following purposes:

1. Notice of Meeting

Notice convening the meeting to be taken as read.

2. Approval of Minutes

To approve and sign the minutes of the 43rd Annual General Meeting.

3. Matters Arising from the minutes of the previous meeting

4. Financial Statements and Directors' Report

To receive and consider the Directors' Report, Auditors' Report and the audited financial statements for the year ended 31st March, 2017.

5. To ratify dividend paid for the year ended 31st March, 2017

6. Proposed change of Year End

Shareholders to approve the change of Year End from the current 1st April to March to 1st January to 31st December of each year in line with ABInBev calendar year.

7. Appointment of Statutory Auditors

To approve PricewaterhouseCoopers as the auditors for the next financial year ending 31st December, 2017.

8. Approval of change of share capital of the company

To approve additional 127,600 shares at nominal value of Tsh.100.00 to comply with the listing requirement and enable the TBL Register to be mobile.

9. Any other business

Any member entitled to attend and vote, if unable to attend for any reason, is entitled to appoint a proxy or proxies to attend, speak, and, on a poll, vote in his/her stead and such a proxy need not also be a member of the Company.

Proxy forms should be forwarded to reach the registered office of the Company or the office of the Company Secretary at least 48 hours before the time fixed for the holding of the meeting.

Please note that a member wishing to attend the Annual General Meeting must arrive with a copy of his/her original share certificate or depository receipt (CDR) and his/her Identification Card.

By the order of the Board

Company Secretary

ADMINISTRATION

Tanzania Breweries Limited
(Registration Number 2497)

Company Secretary

Huruma Ntahena
Postal Address:
P.O. Box 9013, Dar es Salaam,
Tanzania.
Registered Office:
Uhuru Street
Plot No.79, Block "AA"
Mchikichini, Ilala Municipal,
Dar es Salaam, Tanzania.
Tel: +255 764 702 905 / +255 764 702 906 /
+255 764 702 907
Fax: +255 736 606 369

Transfer Secretaries:

CRDB Bank Ltd.,
Head Office: Azikiwe Street,
P.O. Box 268, Dar es Salaam.

External Auditors:

PricewaterhouseCoopers,
Pemba House
369 Toure Drive
Oysterbay
P.O. Box 45, Dar es Salaam
Tel : +255 (0) 22 2192200

Shareholders:

Financial Year End: 31 March
Annual General Meeting: September

Results:

Interim announcement - November
Year end announcement - July
Annual financial statements - August

Dividends:

1 st Interim:	Declaration	– May, 2016
	Payment	– 22 nd June, 2016

- Note: i. Any other business needs to be brought to the attention of the Secretary by the 27th October, 2017.
ii. Shareholders shall meet all the costs for attending the meeting.

