



Annual Report 2016



Bringing together
world class
capabilities



A subsidiary of SABMiller plc

Table of contents

1. 10 Year Review.....	18
2. Cash value added statement.....	19
3. Chairman's statement.....	22
4. Taarifa ya Mwenyekiti.....	26
5. Managing Director's report.....	36
6. Ripoti ya Mkurugenzi mtendaji.....	40
7. Vision & Company Values.....	45
8. Directors' report.....	48
9. Report of the independent auditor.....	64
10. Financial Statements:	
Statement of profit or loss and other comprehensive income.....	68
Statement of financial position as at 31st March.....	69
Statement of changes in equity.....	70
Statement of cash flows.....	72
11. Notes to the Financial Statements.....	74
12. Administration and notice of meeting.....	144

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

Bringing together world class capabilities

Since the official formation of TBL, we have used all the insights gleaned both in the country and from our entire sister operating companies to really deliver world class products over the last two decades. As our journey in Tanzania continues, it is our outstanding drive to work together that will allow us to continually execute our World Class capability.

With our unified goal of working towards a clean world, we have come to be considered one of the most admirable companies in the country, making sure that at every step of our manufacturing process, we continue to protect the environment and consistently maintain our excellence in producing award winning products.

Our people's resolve to make significant contributions to the business each and every day epitomises our Winning As One Team company value, which in turn works to cement our position as the top company in Tanzania. It is for these reasons that we not only value our people but also continue to empower them. Sustainability is the key to the long term success of our business. This is mainstreamed in our business strategy and serves to ensure that the entire value chain that is, from grain to glass, thrives as we grow. From the work we do with irrigation systems in the wine manufacturing process to the farming of barley and sorghum we are committed to ensuring that all our partners grow with us.

TBL's CSR initiatives are a clear demonstration of the company's resolve to play a significant role in the socio-economic development of Tanzania. As the leading company in Tanzania, we understand the community's passions and are constantly looking into ways in which we can partner with other stakeholders to make a difference in the community in which we do business.

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

Affordability is key

Leadership

We have proven that world class manufacturing processes are possible in Tanzania. That is why our Mwanza, Mbeya, Arusha and Dar es Salaam breweries consistently rank among the best in SABMiller's African operations. In addition to our focus on quality, we take our responsibility to create awareness on the responsible consumption of alcohol seriously. In this regard, we at TBL Group are signatory to the Five Global CEO Commitments on Alcohol Consumption. These are:

- Reducing underage drinking
- Strengthening and expanding codes of practice
- Providing consumer information and responsible product innovation
- Reducing drinking and driving
- Enlisting the support of retailers to reduce harmful drinking

Beer is expensive

We continue to promote responsible consumption while having full cognisance of the fact that beer in Tanzania is expensive relative to the vast majority of population's income given that the bulk of the populace earns about TShs 5,000 a day. This disproportionate situation is further augmented by the prevalence of a very affordable and large informal alcohol market (this is estimated at approximately 49% of the total alcohol market in the country) and the lack of incentives that encourage local production of key raw materials such as malt as well.

Affordability is key

We greatly expanded our business in the affordable and traditional segments in 2016. The affordable segment grew by 147% while the traditional segment went up by 38%. We also transformed our Route to Market through the full deployment of technology and the expansion of our sales service. We did not stop there. We ventured into the creation of new drinking occasions, introduced flavors and products that were tailored to suit our customers' tastes. Kili Twist, Konyagi Pesheni, Konyagi Ukwaju and Nzagamba are testimony to the fact that we at TBL are always looking into ways in which we can constantly delight our customers.

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

Manufacturer of the year award

Mwanza Plant won SABMiller Brewery of the Year for two consecutive years in 2015 and 2016. These awards are a clear indication of the consistent performance the entire Mwanza Team has delivered and it speaks a lot about the maturity of the team and sustainability of our performance. Mwanza has come a long way to get to this position serving as a benchmark brewery not only in Africa but also across the whole Group. The award honors and recognizes our brewing excellence and unwavering commitment to living the SABMiller values.



- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

Dry dehusking employed in Mwanza – an Africa first

The One world sustainability award was presented to TBL in London for implementing the Dry dehusking project in Mwanza and making the world a cleaner place.

This technology takes the outer shell of the malted barley off before processing. This increases the efficiency of the brewhouse and ensures less energy usage. It also decreases the losses of the brewhouse. In addition to this, the dry outer shell is mixed with local coffee and rice husks and burnt in the solid fuel boiler which was recently installed. This boiler is able to burn waste such as spent grain and husks, rather than the traditional heavy fuel oil. This also contributes to a cleaner world and less oil is burnt.

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

World class breweries

Mwanza, Mbeya, Arusha and Dar es Salaam consistently rank among the best in SABMiller's African operations. TBL Mwanza and Mbeya feature among the top 15 breweries in the world. Mwanza Brewery made history again in 2016 – it scooped the SABMiller Brewer of the Year Award for the second time in a row. It did not end there...

Its Safari Lager was also awarded the Africa Champion Beer Prize! This is a clear illustration that we at TBL are certainly a world class player in our field. TBL was the top manufacturer in Tanzania for 2016.

We are certainly setting the pace for our sector on many fronts...

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

DarBrew Manufacturing Excellence

Opaque beer was revolutionized when we managed to increase its 5 day shelf life to 21 days. Chibuku Super is fermented to pre-determined alcohol, pasteurized and carbonated before being packed. What this means is that we can improve hugely on our distribution network with proper planning as well as giving our customers a pasteurized product that is supplied in a resealable container.

The Super products change the drinking occasion whereby they can be purchased and be taken home instead of just being predominantly consumed in on consumption outlets.

The new PET bottling line was installed and commissioned in May 2014 and it is rated to fill at 5,000 bottles per hour. PET is the acronym for Polyethylene which is the material used to make the packaging bottles. PET is commonly recycled.

Efficiencies of the line have been increasing year after year since installation. This is mainly due to the team using the iterative problem solving technique known as 5 Whys and the use of a computerized preventive maintenance program (COSWIN).

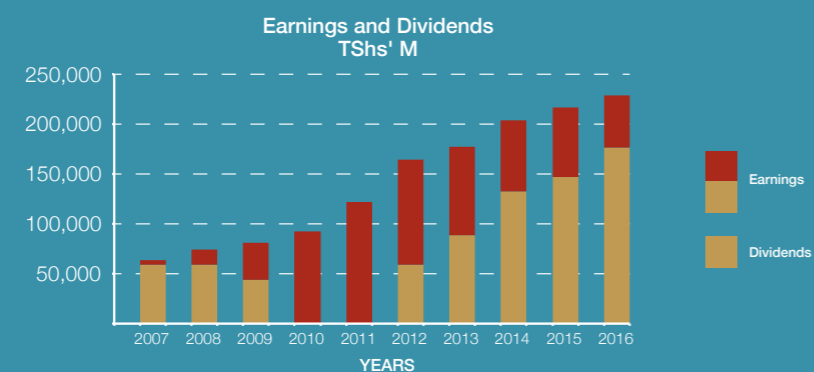
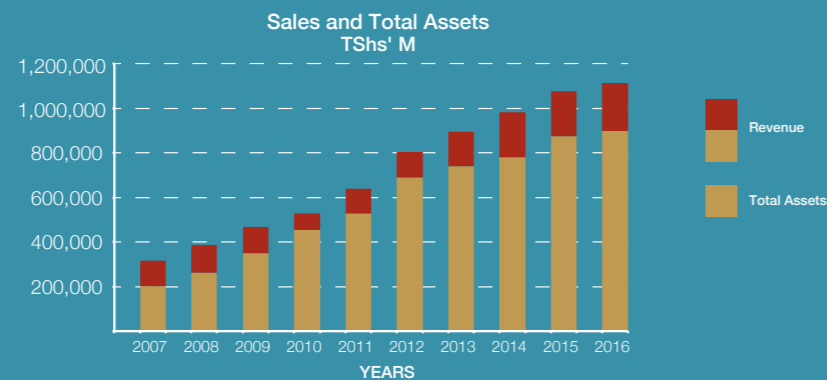


10 Year Review
& Cash
value
added
statement

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

10 Year Review

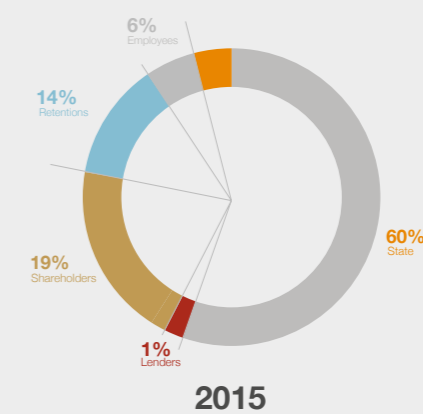
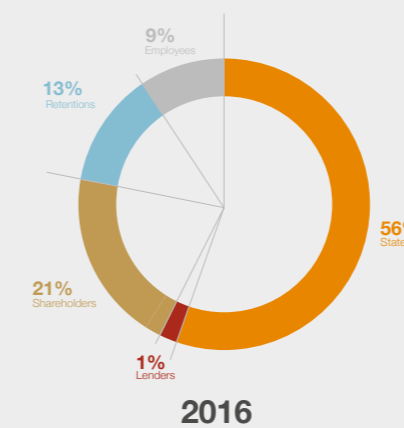
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Sales	TShs' M	1,112,608	1,073,124	979,651	892,017	800,948	635,863	527,768	464,539	383,181	314,878
Profit before income tax	TShs' M	327,812	308,930	292,719	253,813	238,228	173,183	133,842	115,187	109,168	95,603
Dividends declared	TShs' M	176,292	147,465	132,718	88,479	58,986	-	44,239	44,239	58,986	58,986
Cash flow from operations	TShs' M	215,030	264,184	221,926	215,744	144,056	169,551	127,141	74,445	83,467	79,011
Net cash invested to expand operations	TShs' M	56,714	85,206	98,868	102,727	99,887	51,389	113,488	74,741	58,723	30,475
Total borrowings	TShs' M	26,189	58,130	56,892	73,599	76,865	80,346	143,345	105,702	57,899	36,774
Gearing	%	23	9	10	15	19	26	73	69	48	34
Market capitalisation	TShs' M	4,129	4,424	2,359	902	773	537	513	531	490	466
Earnings per share	TShs	771	718	680	579	543	387	296	261	242	209
Earnings per share growth	%	7	6	17	7	40	31	22	8	16	9



Cash value added statement

TANZANIA BREWERIES LIMITED AND ITS SUBSIDIARIES CASH VALUE ADDED STATEMENT

	31 March, 2016		31 March, 2015	
	TShs' M	%	TShs' M	%
Cash generated				
Cash derived from sales	1,335,071		1,217,403	
Cash value generated	1,335,071		1,217,403	
Cash paid to suppliers	(481,846)		(419,062)	
Cash value added	853,225	100	798,340	100
Cash utilised to				
Remunerate employees for their services	(73,188)	9	(51,769)	6
Pay direct taxes to Government	(93,469)	11	(95,342)	12
Pay excise duty and Value Added Tax	(380,792)	45	(381,259)	48
Provide lenders with a return on borrowings	(9,307)	1	(5,786)	1
Provide shareholders with cash dividends	(183,993)	22	(151,709)	19
Cash disbursed among stakeholders	(740,750)	87	(685,866)	86
Cash retained to fund replacement of assets and facilitate further growth	112,475	13	112,475	14

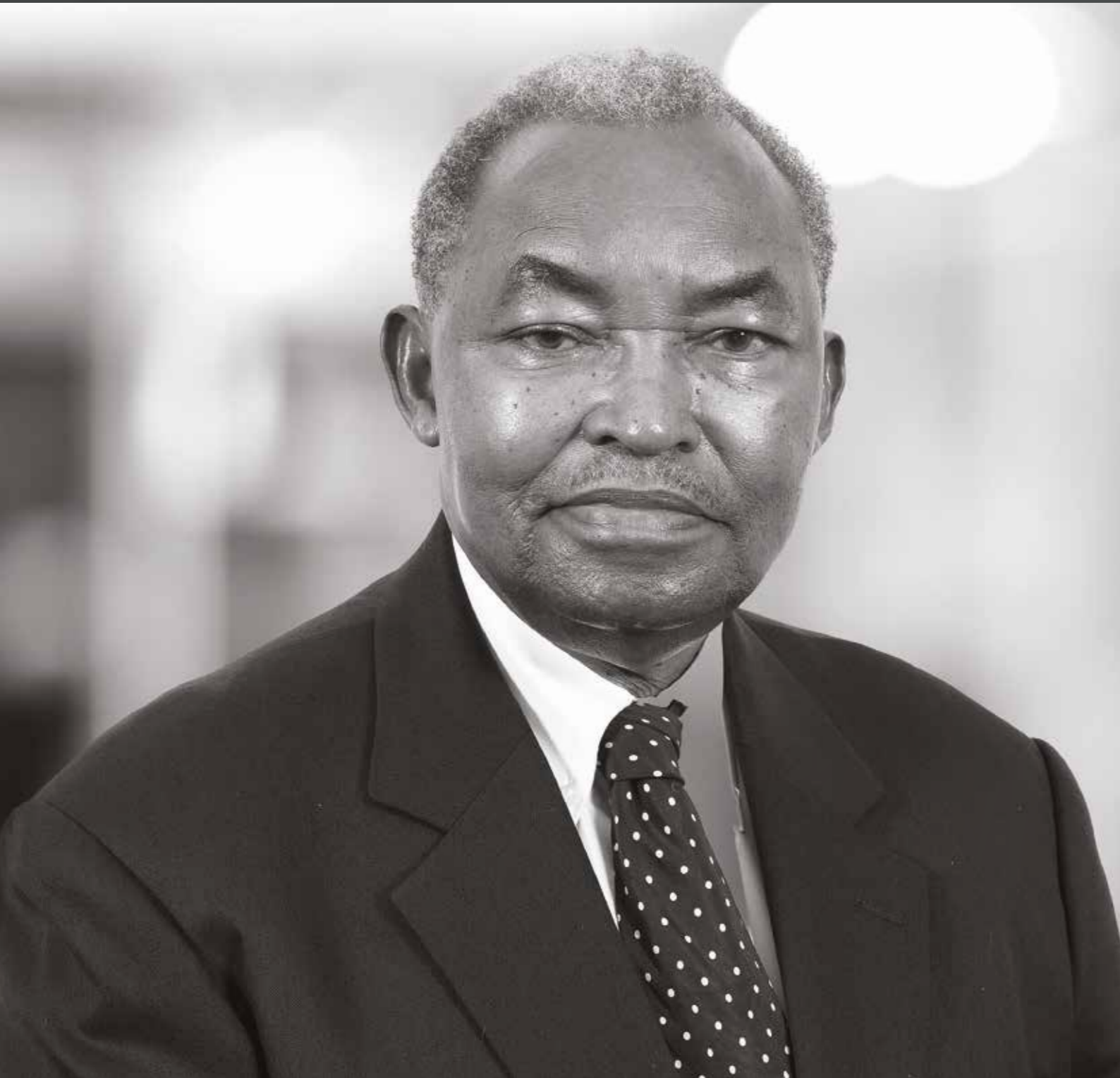




Chairman's
statement

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement**
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

Chairman's statement



Tanzania Breweries Limited Group of companies ("TBL Group") is pleased to report its results for the financial year ended 31 March 2016. As a result of successful consultations with the beer industry, Government did not increase excise duties on alcohol for the year, and therefore no general price increase was required for July. The Tanzanian economy still suffers from lack of liquidity with external funding flowing in very slowly. The rapid depreciation of the Tanzanian currency also has had a negative impact on the economy with the cost of imported goods and raw materials having increased significantly, further eroding disposable income.

Notwithstanding economic volatility we were able to deliver strong performance, both in volume growth and sales revenue. While Beer volumes grew by 6%, Traditional Beer by 38% though on a small base, Wines and Spirits declined by 16%. The lower volumes in Wines and Spirits were a result of increased competition in the spirits market where the competitors undercut the price of TDL products significantly compared to last year. Group overall volume growth was 6%, which compares well with rest of Africa 5% and Latin America 5%.

Sales revenue registered a 4% growth which is lower than the volume growth of 6% due to negative mix of Wines and Spirits and a higher percentage of affordable beer in the portfolio. Operating profit growth of

4% amounting to TShs 330,070 million was satisfactory taking into account the transactional currency impact and negative mix and price. The results could have been much better had we not suffered as a result of continuing currency headwinds against the dollar as the shilling devalued by more than 25% on annual moving average.

The Tanzania beer industry has reversed the decline trend but remains rather flat as a result of growth in the affordable segment. Wines and spirits volumes however registered a negative growth due to pricing and competition from counterfeits. The introduction of Chibuku Super and extension of sales coverage areas to other neighbouring regions resulted into good performance for Traditional Beer.

In spite of no increase in excise tax during the year, TBL continued to make a significant contribution to Government revenue by way of corporate, excise and value added taxes. Payments to Government during the year were TShs 474,777 million.

Given the fact that the beer industry remained flat during the year, it was clear that the Company had to continue holding back on capital expenditure relating to additional capacity. A total of TShs 59,382 million was invested in fixed assets compared to TShs 84,931 million in prior year.

“
Notwithstanding economic volatility we were able to deliver strong performance, both in volume growth and sales revenue.
 ”

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement**
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

Chairman's statement

continued

From this sound financial performance it was possible for the Company to propose a dividend payment of TShs 176,292 million for the year which works out to be a record Tshs 600 per share, for the Company shareholders. Our partnership with the Government has significantly benefited all shareholders, stakeholders, the national economy and the consumers of TBL products, as well as the committed and skilled labour force which makes TBL a truly world class Company.

We remain committed to the growth and development of our staff and continue to attract and retain some of the best talent in the market. The Company continued to upgrade capability within the organization, investing in talent development and training. The Company continued to build an engaging and high organizational performance culture resulting in capability improvement and high employee engagement scores, as observed in our value surveys.

Over the year, the Company re-enforced its highly valued image as a responsible corporate citizen. Our "Bila Maji Hakuna Uhai" initiative has so far provided over 1 million people with safe, clean drinking water across the country. We are committed to making a positive contribution to the sustainable development of the communities in which we operate. Our efforts in the growing of malting barley resulted in contracting over 23,380 acres of barley of which for the first time we were able to buy over 14,680 tons of barley, sufficient to run the Moshi Maltings plant for the year. Focus has been on increasing yields and reducing

acreage in the Kilimanjaro area and increasing acreage & yield of irrigated farmland in the South Iringa area. The business case for a new maltings investment at this point is being discussed with the government.

Looking ahead, TBL is committed to focusing on the following strategic objectives:

1. To continue to engage with the Government to encourage adoption of a predictable policy with regards to adjusting the annual excise rate by the rate of inflation. Such a system will stabilize prices for the consumers, the industry and the Government. It is a fact that for the past ten years the increase of the excise rate has been above inflation, forcing the Company to pass over such increases directly to the consumers, thus pushing up retail prices.
2. To enhance our ability to influence consumer and retailer buying decisions by continually improving customer service levels, providing consumers with greater access to our full brand portfolio and providing consumers with optimal value for money products.
3. To develop the affordable beer brands aimed at recruiting consumers from the informal alcohol. Development and expanding Traditional Businesses like Darbrew and Nzagamba is the right way to tap this informal market.
4. To continue efforts to gain self-sufficiency

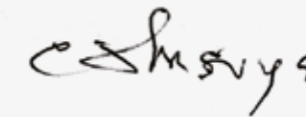
through local sourcing by guaranteeing markets a fair price for their crops, and helping to improve quality and yields, through an integrated farming model that will meet both our needs and those of the smallholder model.

5. To increase our focus on giving our high performing staff opportunities to work in some of our key strategic areas to enable them to achieve both professional and personal goals.
6. To promote exports of the selected TBL brands to neighbouring and other niche markets.

In conclusion, I would wish to assure all our stakeholders that TBL Group is a much stronger Company today than it has ever been. All our human and material resources are being harnessed every day to meet the business and other challenges that may confront us as we strive to achieve our strategic objectives and become responsible corporate citizens. I remain optimistic about what the future holds, not only for TBL Group but also for the national economy.

I am confident that TBL will continue its proud record of positive growth in earnings and dividends and its contribution to the economy of Tanzania. These achievements have been attained because of the commitment, dedication and hard work by the management and staff of TBL Group. Finally, on behalf of the Board, I want to sincerely thank all our employees and management staff serving in all our units and stations across Tanzania. Without their

dedicated and exemplary service, none of the results I have mentioned above could have been achieved over the last year.



Hon. Cleopa David Msuya
Chairman of the Board

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Taarifa ya Mwenyekiti

Tanzania Breweries Limited na Kampuni zake tanzu ("TBL Group") inayo furaha kutoa ripoti ya matokeo yake kwa mwaka wa fedha unaoishia tarehe 31 Machi 2016. kutokana na mafanikio ya mazungumzo kati ya na viwanda vya bia na Serikali, Serikali kwa mwaka huu haikuongeza ushuru kwenye pombe, na hivyo hapakuwa na haja ya kuongeza bei mwezi Julai. Uchumi wa Tanzania bado unakabiliwa na tatizo la ukwasi na kiwango cha fedha za kigeni kikiwa kimepungua sana. Kasi kubwa ya kushuka kwa thamani ya sarafu ya Tanzania pia imeathiri uchumi wa nchi huku gharama ya uagizaji wa bidhaa na malighafi ukiongezeka kwa kasi kubwa, na hivyo kupunguza uwezo wa kumudu matumizi kwa wananchi.

Pamoja na changamoto hizo za kiuchumi, tumeweza kuwa na utendaji imara, katika ukuaji wa uzalishaji na mapato ya mauzo. Wakati uzalishaji wa bia uliongezeka kwa 6%, uzalishaji wa Pombe za Asili uliongezeka kwa 38%, ingawa ni kutoka kwenye msingi mdogo. Uzalishaji wa mvinyo na vinywaji vikali ulipungua kwa 16%. Kushuka kwa uzalishaji wa mvinyo na vinywaji vikali kulitokana na kuongezeka kwa ushindani katika soko la vinywaji vikali ambapo washindani wetu walishusha bei ya bidhaa zao dhidi ya bidhaa za TDL kwa kiwango kikubwa ukilinganisha na mwaka uliopita. Kwa ujumla ongezeko la uzalishaji kwenye makampuni yetu lilikuwa 6 %, hali inayoonyesha kwamba tulifanya vizuri ukilinganisha na sehemu nyingine za Afrika ambako kulikuwa na ongezeko la 5% na Amerika ya Kusini ambako kulikuwa na ongezeko la 5%.

Mapato ya mauzo yaliongezeka kwa 4% ambayo ni chini ya ongezeko la 6% la kiasi cha mauzo, hali iliyotokana na mchanganyiko hasi wa mauzo ya mvinyo na vinywaji vikali pamoja

na asilimia kubwa zaidi ya mauzo ya bia za bei nafuu katika soko. Ongezeko la faida ya uendeshaji la 4% kufikia Shilingi milioni 330,070 linaidhisha ukizingatia kupungua kwa thamani ya sarafu ya Tanzania pamoja na mchanganyiko hasi wa mauzo na bei ndogo zinazotowwa na washindani. Matokeo yangeweza kuwa mazuri zaidi kama kusingekuwa na changamoto endelevu ya kushuka kwa thamani ya sarafu yetu dhidi ya dola kwa wastani ya zaidi ya 24.9% kwa mwaka.

Sekta ya bia Tanzania imefanikiwa kubadilisha mwelekeo wa kiasi cha mauzo lakini ongezeko la mauzo ni dogo sana kutokana na mauzo zaidi ya vinywaji vyenye bei nafuu. Lakini uzalishaji wa mvinyo na vinywaji vikali uliathirika kutokana na ushushaji wa bei uliofanywa na washindani wetu pamoja na uwepo wa bidhaa bandia sokoni. Kuanzishwa kwa Chibuku Super na uongezaji wa maeneo ya soko katika mikoa ya jirani ulisaidia kuboresha utendaji wetu.

Ingawa hapakuwa na ongezeko kwenye ushuru wa bidhaa kwa mwaka huu, TBL imeendelea kuchangia katika pato la Serikali kwa njia ya kodi ya kampuni, ushuru na kodi ya ongezeko la thamani. Malipo kwa serikali kwa mwaka huu yalikuwa Shilingi za K Tanzania milioni 474,777.

Kutokana na ukweli kwamba sekta ya bia ilidumaa kwa mwaka huu, ni dhahiri kwamba ilibidi kampuni ipunguze matumizi yanayohusiana na uwekezaji ili kuongeza uzalishaji. Jumla ya Shilingi milioni 59,382 ziliwekezwa katika mali zisizohamishika ikilinganishwa na Shilingi za K Tanzania milioni 84,931 katika mwaka uliopita.

Kutokana na utendaji huu mzuri kifedha, Kampuni iliweza kupendekeza gawio la Shilingi

za K Tanzania milioni 176,292 kwa mwaka huu ambayo ni sawa na Shilingi 600 kwa hisa, kwa wanahisa wote wa Kampuni yetu. Ubia wetu na Serikali umewanufaisha sana wanahisa, wadau, uchumi wa nchi na watumiaji wa bidhaa za TBL pamoja na wafanyakazi wetu waadilifu na wenye ujuzi wanaoifanya Kampuni ya TBL kuwa kweli kampuni ya daraja la kimataifa.

Tunajali maendeleo ya wafanyakazi wetu na tutaendelea kuwa kivutio cha wafanyakazi wazuri kwenye soko. Kampuni imeendelea kukuza uwezo wake wa ndani, kuwekeza katika kuendeleza na kuwapeleka mafunzoni wafanyakazi. Kampuni pia imeendelea kujenga utamaduni wa utendaji bora ambao unaweza kusaidia kuboresha uwezo na viwango vya wafanyakazi, kama ilivyoonekana kwenye tathmini yetu.

Katika mwaka huu wa fedha, Kampuni imeendelea kuimarisha nafasi yake kama Kampuni yenye wajibu kijamii. Mradi wetu wa kijamii wa "Bila Maji Hakuna Uhai" umesaidia kuwapatia maji safi na salama watu zaidi ya milioni moja nchi nzima. Tuna dhamira ya kutoa mchango chanya kwenye maendeleo ya kudumu ya jamii tunamofanyia kazi. Juhudi zetu kwenye kilimo cha shayiri kwa ajili ya kutengeneza kimea zimesaidia kulima hekari 23,380 ambapo kwa mara ya kwanza tumeweza kununua shayiri zaidi ya tani 14,680 ambayo inatosha kabisa kuendesha kiwanda chetu cha kimea cha Moshi kwa mwaka. Tumejielekeza katika kuongeza uzalishaji katika maeneo ya Kilimanjaro na kupunguza usafirishaji wa shayiri kutoka mkoa huu na kuongeza ardhi na mashamba yanayoweza kuhudumiwa kwa kilimo cha umwagiliaji katika maeneo ya Kusini kule Iringa. Bado tunafanya majadiliano na serikali kuhusu uwekezaji mpya wa kiwanda cha kimea.

Kwa siku zijazo TBL inadhamiria kujielekeza kimkakati katika malengo yafuatayo:

1. Kuendelea kujadili na Serikali ili iwe na sera zinazotabirika katika kurekebisha kiwango cha ushuru cha mwaka kwa uwiano na mfumuko wa bei. Mfumo huo utafanya beisi badilike sana kwa wateja, kwa viwanda na Serikali. Ni ukweli kwamba kwa miaka kumi iliyopita, kiwango cha ongezeko la kodi kimekuwa kikizidi ongezeko la mfumuko wa bei, hali iliyofanya Kampuni kuongeza bei kwa wateja wake ili kufidia gharama za uzalishaji.
2. Kukuza uwezo wetu wa kuwafanya wanywaji na wauzaji wetu wa rejareja waendeleo kuwa nasi kupitia uboreshaji wa viwango vya huduma kwa wateja, kuongeza upatikanaji wa vinywaji vyetu vyote kwa wateja na kuwapatia bidhaa zinazoendana na fedha wanazolipa.
3. Kutengeneza bia za bei nafuu kwa lengo la kuwapatia wanywaji wa pombe za kienyeji. Kuendelea na kupanua biashara za vinywaji vya kiasili kama vile vya Darbrev na Nzagamba ni njia sahihi ya kufikia soko la wanywaji wa pombe za kienyeji.
4. Kuendelea juhudi za kujitosheleza wenyewe kutoka kwenye masoko yetu ya ndani kwa kuwahakikishia wakulima bei nzuri ya mazao na kuwasaidia kuongeza ubora na wingiwa mavuno kwa kutumia mfumo mzuri wa kilimo shirikishi ambao utatunufaisha sisi na wakulima wadogo.
5. Kuongeza juhudi katika malengo yetu ya kuwapatia fursa wafanyakazi wetu wenye vipaji kufanya kazi katika baadhi ya maeneo

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti**
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

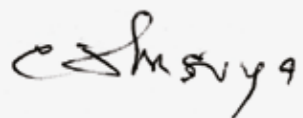
yetu muhimu kimkakati ili kuwasaidia kujifunza zaidi na kuwawezesha kufikia malengo yao.

6. Kuhamasisha uuzaji wa nje kwa baadhi ya bidhaa za TBL katika nchi jirani na katika masoko mengine.

Kwa kuhitimisha, ningependa kuwahakikishia wadau wetu kwamba Kampuni ya TBL kwa sasa iko imara zaidi kuliko zamani. Rasiliamali watu na mali zote zinatumiwa kila siku ili kukabiliana na changamoto za kibiashara na nyinginezo zinazoweza kutuathiri katika kutimiza malengo yetu ya kimkakati na kuwa kampuni yenye kuwajibika kwa kijamii. Nina matumaini makubwa kwa siku za baadae, siyo tu kwa Kampuni za TBL lakini pia kwa uchumi wa taifa.

Ninaamini kwamba TBL itaendeleza rekodi yake ya kujivunia ya ukuaji chanya wa faida, gawio kwa wanahisa na mchango wake katika uchumi wa Tanzania. Mafanikio haya yamefikwa kutokana na utendaji mzuri, moyo wa kujitolea na uchapa kazi wa viongozi na wafanyakazi wa TBL na kampuni zake tanzu.

Mwisho, kwa niaba ya Bodi, ninapenda kuwashukuru sana wafanyakazi na viongozi wanaohudumia vitengo na vituo vyote vya TBL na kampuni tanzu nchini Tanzania. Bila huduma zao za kujitoa na za kipekee, matokeo haya niliyoyaeleza yasingefikiwa kwa mwaka huu.



Hon. Cleopa David Msuya
Mwenyekiti wa Bodi

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

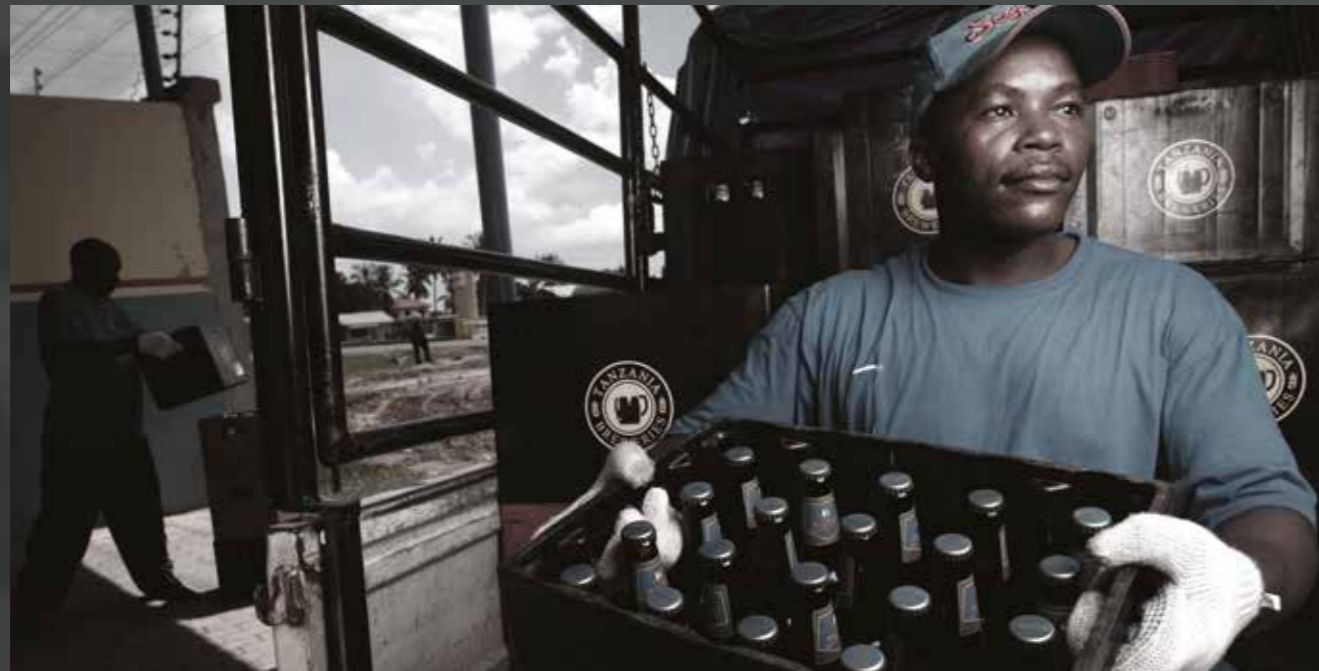
Investing in our people

At TBL we believe that our People are our enduring advantage. We not only attract the best talent but also ensure that they are inducted, developed and given opportunities to grow their careers and rewarded for their contribution. This is done through “Our People Way” which is TBL’s signature talent management process. People development is at the core of all our processes and strategies.

We continuously invest in developing both current and future capabilities through our Learning and Development programs by allocating an annual average of TShs. 1.6 billion. During the year under review, TBL carried out a total of 700 learning sessions through a combination of instructor-led and e-learning or blended programs.

Our business is driven by a High Performance and High Engagement culture. And for this we reward our best performers as well as those who live our values. We say ‘thank you’ to employees through our comprehensive reward and recognition scheme “The Motisha Scheme” which recognizes individuals and teams for their invaluable contribution to the business.

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting



Performance and recognition issues aside, in addition to running a fully-fledged staff medical scheme, the company supports a Wellness program “Afya Kwanza” that provides employees and their families’ with access to wellness education, health, fitness and counselling services. TBL made a strategic decision to create a support system for women in the business “TBL Women’s Forum” which as its name suggests will provide female employees with the requisite tools to both enrich their professional and personal lives as well as creating a work-life balance.

All in all, with the great initiatives and so much more, employee relations continued on a very positive note this year. A consensus on the annual Voluntary Agreement was reached in March 2016, and the agreement was signed in Dodoma during the “TBL Day” that was officiated by Hon. Jenista Mhagama, the Minister of State responsible for Policy, Parliamentary Affairs, Labour, Employment, Youth and the Disabled. All these investments continue to pay off. We are The Best Employer in Tanzania!

Stakeholder Engagement

As the leading company in Tanzania we continued to dialogue with the government and all our stakeholders as we worked with them to create an enabling environment for our sector to grow.

This is a major responsibility that we carry given the many industries that are linked to our business, for our growth and prosperity also translates into increased business and productivity for these entities. From barley and sorghum farmers, to glass, crowns or crate manufacturers to distributors and outlets, the impact that we have on other sectors is massive and we need the

support of all our stakeholders so as to continue to thrive.

Our Contribution to the Economy

TBL Group makes a significant contribution to Tanzania’s economy on so many fronts. Over 2 million people are either directly or indirectly employed in businesses that are linked to all our three companies.



Managing
Director's
Report

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report**
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

Managing Director's report



Performance overview

We gathered momentum in the year and recorded an overall volume growth of 6%, a 4% growth in net sales and 6% growth in profit before income tax. These results demonstrate that our business, though not totally cushioned from economic impact, is in good shape and that actions taken over the past two years and the Government's recognition of the importance of not increasing the excise rate in the year, are having a positive effect. I look forward to the business making continued progress towards our ambition to become the best performing, most trusted and respected consumer products company in East Africa, as this is creating value for our shareholders

Overall, the business achieved growth in two markets while our Wines and Spirits business witnessed a decline in the financial year. We recorded improved performance in the Traditional Beer sector with a growth of 38% driven mainly by introducing new packs at favorable price points, conversion of homebrewers and homebrew drinkers, growth in customer base especially Supa Dukas, Mamas and Makutis, improvement of beer availability by eliminating stock-outs, improvement of machine efficiency and increase in promotions and market activations. Sales volumes for the Wines and Spirits were 16% below the prior year. It was an extremely difficult year for the business which ended up well short of expectations given the challenges posed by increased competition in the spirits market and the mushrooming of counterfeits.

Beer volumes have improved significantly with growth of 6% versus prior year although a substantial amount of the volume growth came from affordable beer, which has a negative mix impact due to the lower margins that come with affordable beer.

The rapid depreciation of the Tanzanian currency also has had a negative impact on the economy with the cost of imported goods and raw materials having increased significantly, further eroding disposable incomes. However the shilling has remained relatively stable against the dollar since July 2015 and this improved stability and certainty over the currency's trajectory is expected to have a positive impact on corporate and consumer decision making over the coming quarters.

Our business is driven by a well-defined strategy through which we measure progress against our performance ambition. The six performance drivers include: strengthening our premium core brands; winning in the market place, innovating to meet new consumer needs; building on our route-to-consumer; driving out cost and guaranteeing our business plans with the right talent. We continue to make progress against these priorities across the business.

The Affordable category continued to register positive results. Performance has mainly been driven by price strategy in NE, NW and part of the South region. All brands and packs made significant contribution to this achievement.

Our route-to-consumer (RTC) initiative looks at how we can profitably extend the reach and quality of our brands wherever they appear, achieving higher rates of sale in an efficient way. The RTC transformation has progressed strongly especially during the fourth quarter. The project is progressing according to anticipated timelines with major milestones having been achieved.

Our focus to drive out costs and increase our operational efficiency helped to mitigate the impact of inflation in the cost of sales. Our cost

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Managing Director's report

continued

savings were primarily driven by the gains made in reduced utilities usage, variable distribution costs and marketing costs.

The delivery of the strong results in the year was made possible by our commitment to our people. TBL Group continues to invest in robust leadership and capability programmes for our emerging and senior leaders in order to guarantee a strong talent pipeline that will guarantee us our market competitiveness and business sustainability. We have embarked on a culture transformation journey of our people in order to support our long-term business performance.

Improved efficiencies and cost management allowed operating profit to end 4% ahead of prior year. Cash generated from operations amounted to TShs 373,078 million. TShs 93,295 million was utilised to pay corporate tax, while the remainder was applied towards funding of interest, capital expenditure and paying dividends. The Board approved a total dividend of TShs 176,292 million for the year or TShs 600 per share, which was 20% higher than the dividend declared last year.

TBL Group directly employs over 2,200 employees and approximately another 2,000,000 indirectly through its operations that cover raw materials sourcing, distribution and retail value chain support. We acknowledge the importance of integrating corporate social responsibility (CSR) into our business functions in order to maintain our licence to operate, address risks, create new commercial and efficiency opportunities, and to make a positive impact on the societies in which we operate. TBL Group continues to invest heavily in the region. Total Capital expenditure spent in the year was Tsh 59,382 million covering initiatives to boost beer brewing efficiency and the upgrade of the effluent treatment plant in

Mwanza. These major investments demonstrate the confidence that the company has in the country. In addition, TBL Group remains a significant taxpayer across the country and a major contributor to local economies with remittances of over TShs 475 billion annually.

Our business remains committed to supporting local sourcing of raw and packaging materials as well as developing capacity for local spirits suppliers. As part of our agribusiness programme, TBL Group has contracted over 234 farmers in the region to grow barley and many others in growing grapes. We continued to procure sorghum, from the open market, though there was a critical shortage of sorghum in the market due to increased demand, and general drought in sorghum growing regions. The company continues to offer support through additional value-add services like crop research, seed development, credit extension in the form of farming inputs and guaranteed markets to the farmers. With the recent growth of the affordable category, we have witnessed significant demand for sorghum hence we have now put in place plans to guarantee supply of this commodity in the years ahead. In line with this, the decision to produce more wines using locally grown grapes, has shown significant progress resulting in contracting additional farmers in central Dodoma region, where grapes produced from small scale farmers are used by Tanzania Distilleries in the production of Valeur brandy as well as their different brands of local wines. Negotiations to acquire Cetawico assets were concluded, but clearance from FCC has not yet been granted.

We believe in partnering with our communities and remain committed to advocating the role of alcohol in society to reduce the impact of harmful consumption. These partnerships with

our suppliers, farmers, consumers and trade partners strengthen our reputation as a trusted and respected partner of choice. We have made commitments in this regard through efforts geared at undertaking responsible drinking campaigns, under-age advocacy campaigns and strengthening our marketing codes.

We also made significant investments in our communities in enhancing access to safe water and sanitation amenities. We are proud of the contributions we continue to make within the Community as responsible citizens.

We continued to focus our thinking and our actions around areas where we can have a real impact on our business environment and where the changing business environment has a real impact on us. These focus areas are:

- Energy: consumption and CO2 emission
- Water: consumption, waste water and discharge
- Safety: of our employees and our installations
- Agriculture: quality and availability of raw materials Supply chain responsibility
- Responsible alcohol consumption

The world's largest brewer by sales volumes, Anheuser-Busch InBev NV, in September 2015 made an offer to buy SABMiller, a long-awaited deal that would bring together companies controlling 30% of global beer volumes. Because of the global reach of AB InBev and SABMiller, they will have to seek antitrust clearance from jurisdictions around the world, a process that could easily take a year.

The outlook for the year ahead will depend on the sustainability of the economy, extent of excise rate increases, stability of the cost of utilities

increases and infrastructure development, the stability of the Tanzanian Shilling, as well as when the change of ownership will be completed. I believe that the combination of our actions, our commitments and our people will ensure that Tanzania Breweries Limited Group will emerge as an even stronger and more competitive company.



Roberto Jarrin
Managing Director

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji**
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

Ripoti ya Mkurugenzi mtendaji



Tumeongeza kasi mwaka uliopita na kufanikiwa kupata ongezeko la kiasi cha mauzo la asilimia 6, ukuaji wa asilimia 4 wa mapato kutokana na mauzo na ongezeko la asilimia 6 la faida kabla ya kodi ya mapato. Matokeo haya yanaonyesha kuwa, biashara yetu, japo haikuepuka dhoruba ya kiuchumi, imeweza kusimama imara na kwamba hatua zilizochukuliwa katika miaka miwili iliyopita pamoja na Serikali kuona umuhimu wa kutopandisha ushuru zinazaa matunda mema. Ninatarajia biashara yetu kuendelea kupata mafanikio na kufanikisha ari yetu ya kuwa Kampuni iliyo na ufanisi mkubwa, inayoaminika na kuheshimiwa katika soko la Afrika Mashariki kwani hivyo ndivyo kuongeza dhamana kwa wanahisa wake.

Kwa jumla, biashara iliendelea kukua katika nyanja mbili za biashara yetu yaani ile ya bia (clear beer) na pombe za asili (Traditional African brews) wakati biashara ya Vinywaji Vikali na Mvinyo ilisuasua katika mwaka huu. Tulishuhudia ubora zaidi wa utendaji kazi katika soko la pombe za asili kwa ukuaji wa asilimia 38 uliotokana na kuanzishwa kwa aina tofauti za ujazo zenye bei nafuu, kuwabadilisha watengenezaji na wanywaji wa pombe za asili wauze na kutumia pombe zetu, upanuzi wa masoko hasa kwenye maduka, wakina mama wauzaji wa pombe asilia, kuongeza upatikanaji wa vinywaji bila kukosekana, umakini katika uzalishaji na mitambo, kuongeza matangazo. na ufuatiliaji wa soko wa karibu.

Mauzo ya Mvinyo na Vinywaji Vikali yalipungua kwa asilimia 16 ukilinganisha na mwaka jana. Mwaka huo wa fedha haukuwa mzuri katika biashara yetu hii kwani iliathirika kwa kiasi kikubwa. Hali hii ilisababishwa na changamoto kadhaa zikiwemo: ushindani mkubwa sokoni, na ongezeko la uzalishaji na uuzaji wa bidhaa bandia kwenye soko. Kwa upande wa biashara ya bia,

mauzo yaliongezeka kwa kiasi cha asilimia 6, ukilinganisha na mwaka uliopita, ingawaje kiasi kikubwa cha ongezeko hili kilitokana na ukuaji wa bia zenye bei nafuu ambazo zina faida ndogo. Kuporomoka kwa kasi kwa sarafu ya Tanzania kuliathiri uchumi wa nchi, kwa gharama za bidhaa na malighafi ziangizwazo nchi za nje kuongezeka, na hivyo kupunguza uwezo wa matumizi kwa wateja kutokana na ongezeko la gharama za maisha. Hata hivyo tokea mwezi Julai 2015 kasi ya kuporomoka kwa sarafu ya Tanzania imepungua hivyo kuleta matumaini kwa makampuni na wateja kuhusu maamuzi ya matumizi yao siku za mbeleni.

Biashara yetu inaendeshwa kwa mikakati maalum ambayo inatuwezesha kutathmini ubora na jinsi ya kuyafikia malengo yetu. Mambo yatakayotwezesha kufikia malengo yetu ni pamoja na kuimarisha bidhaa zetu, mbinu za ushindi katika masoko yetu, kuendelea uvumbuzi ili kukidhi mahitaji ya wateja wapya, kupanua na kuhakikisha njia za kufikia wanunuzi ziko wazi, kupunguza gharama na kuhakikisha mipango ya kibiashara inakwenda sambamba na talanta. Tumeendelea kupata maendeleo katika vipaumbele hivi katika biashara zetu.

Bia zenye unafuu wa bei ambazo zinapendwa na wenye kipato kidogo ziliongoza katika kukua hasa kanda za Kaskazini, Kaskazini Magharibi na Nyanda za Juu Kusini. Kwa ujumla kila aina na ujazo ilichangia kwenye mafanikio haya.

Lengo letu ni kuongeza upatikanaji na ubora wa bidhaa zetu popote zinapoonekana, huku tukiongeza mauzo kwa ufanisi zaidi. Mikakati yetu ya namna ya kumfikia mteja (RTC) imeimarika sana hasa kwenye kipindi cha nne cha mwaka. Mradi huu unaendelea kama ulivyotegemewa na mafanikio makubwa yamepatikana.

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Ripoti ya Mkurugenzi mtendaji

continued

Azma yetu ya kupunguza gharama za uendeshaji na kuongeza ufanisi katika kazi ilisaidia kupunguza athari ya mfumuko wa bei. Kushuka kwa gharama hasa kulitokana na kupunguza matumizi ya maji ana umeme na upotevu kwenye ugavi, gharama za usambazaji na za masoko.

Matokeo mazuri ya mwaka yalitokana na kutilia maanani maslahi ya wafanyakazi wetu. TBL Group itaendelea kuwekeza katika mpango wa kuongeza ubora na uwezo wa viongozi wakuu waliopo na wale chipukizi ili kuhakikisha kuna talanta thabiti za kuimarisha ushindani wetu sokoni na uendelevu wa biashara yetu. Tumeanzisha safari ya kubadili mila na tabia za utendaji kazi kwa wafanyakazi wetu ili kuwezesha utendaji kazi bora wa biashara yetu siku za usoni.

Maboresho ya ufanisi na usimamizi mzuri wa gharama vilivezesha faida ya uendeshaji kukua kwa asilimia 4 ukilinganisha na mwaka jana. Fedha zilizotokana na uendeshaji zilifikia shilingi milioni 373,078. Kati ya fedha hizo, kiasi cha shilingi million 93,295 kilitumika kulipia kodi ya mapato, wakati kiasi kilichobakia kilitumika kulipia riba kwa mabanki, ununuzi wa rasilimali za kudumu, na malipo kwa wenye hisa. Bodi ya Wakurugenzi waliidhinisha gawio la kiasi cha shilingi milioni 176,292 sawa na TShs. 600 kwa kila hisa kwa wanahisa wa Kampuni, kiasi ambacho ni asilimia 20 zaidi ukilinganisha na kiasi kilichoidhinishwa mwaka uliopita.

TBL Group inaajiri wafanyakazi 2,200 moja kwa moja, na takriban milioni mbili katika shughuli zake zinazojumuisha kupatikana kwa mali ghafi, usambazaji na kuimarisha mauzo ya reja reja. Tunatambua umuhimu wa kuwajibika katika uendeshaji wa biashara zetu ili kudumisha

leseni ya kufanya biashara, kukabili athari mbali mbalina kuwezesha fursa ya kuanzisha biashara kwenye jamii tunayoishi nayo. Ushirikiano huu tumeudumisha kwa wagavi, wakulima, wateja na wafanyi biashara na umeweza kukuza hadhi yetu ya kuaminika.

Tumeendelea kuwekeza kwenye maeneo mbali mbali hapa nchini. Kiasi kilichowekezwa kwa mwaka uliokwisha ni shilingi milioni 59,382, kiasi kikubwa kikiwekezwa kwenye kuongeza ufanisi kwenye mitambo ya kutengeneza bia, na kuboresha mitambo ya kuchuja maji yaliyotumika kwenye Kiwanda cha Mwanza. Uwekezaji huu ni hakikishio kamili la imani kampuni hii iliyonayo katika nchi hii. Mbali na hayo, TBL Group imeendelea kuwa mlipaji mkubwa wa kodi nchini na hutoa mchango mkubwa katika uchumi wa zaidi ya shilingi bilioni 475 kila mwaka.

Biashara yetu inatilia maanani umuhimu wa kununua mali ghafi na bidhaa za kufungashia mali humu nchini pamoja na kuboresha nafasi za wauzaji wa bidhaa za kutengeneza vileo vikali. Katika mradi wetu wa kuhimili kilimo cha biashara, TBL Group imeingia mikataba na wakulima wa shayiri zaidi ya 234 nchini, pamoja na wengine wengi kwenye kilimo cha zabibu. Tunaendelea kununua mtama kutoka kwenye soko huria, ingawaje kulikuwa na uhaba mkubwa wa zao hili kutokana na mahitaji makubwa sokoni na hali ya ukame iliyojitokeza kwenye yale maeneo yanayolimwa mtama kwa wingi hapa nchini.

TBL na Kampuni zake tanzu zimeendelea kuendesha shughuli zake kwa kuendeleza ushirikiano katika kuongeza dhamana kwenye shughuli kama utafiti wa mazao, ulimaji na upatikanaji wa mbegu zenye ubora zaidi, kusaidia

upatikanaji wa mikopo ya zana za kilimo na pembejeo na uhakika wa soko la mazao ya wakulima. Kutokana na kukuwa kwa soko la bia ya bei nafuu ambayo hutengenezwa kwa kutumia mtama, tumeshuhudia ongezeko kubwa la mahitaji ya zao la mtama, kiasi kwamba ukitegemea soko huria kama miaka iliyopita, ni dhahiri hatutaweza kupata mtama wa kutosheleza mahitaji yetu. Hivyo imetubidi kuweka mipango madhubuti kujihakikishia upatikanaji wa mtama wa kutosha mwakani. Uamuzi wa kuongeza uzalishaji wa mvinyo uende sambamba na ulimaji wa zabibu umeleta mafanikio makubwa kwa kuingia kwenye mikataba na wakulima wadogo kwenye mkoa wa Dodoma ambapo zabibu zinasitawi kwa wingi. Mazungumzo ya awali ya kununua kiwanda cha Cetawico yamemalizika lakini ruksa ya ununuzi haijatolewa na Tume ya Ushindani, yaani FCC.

Tunatilia mkazo ushirikiano na jamii zetu na kuamini kuna sababu ya kupunguza unywaji wa kupindukia. Ushirikiano huu na wateja wetu, wagavi, wakulima, na wabia wetu umesaidia kuifanya kampuni yetu kukubalika and kuaminika kwenye jamii. Tumejizatiti kwa kutekeleza kampeni ya kuhimiza unywaji bora wa pombe, pamoja na kuhimiza vijana walio chini ya umri wa kunywa pombe kutojiingiza katika unywaji. Pia, tumewekeza katika jamii zetu kwa kupanua miradi ya maji safi na usafi wa mazingira. Tunajivunia kutoa mchango huu kama raia mwema wa Tanzania.

Tumeendelea kuweka umuhimu na dhamira zetu kwenye maeneo ambayo tunaamini yanaweza yakawa na matokeo makubwa kwenye shughuli zetu za kibiashara. Maeneo haya ni:

- Nishati: Matumizi na utoaji wa hewa ukaa;
- Maji: Matumizi, maji taka na utoaji;

- Usalama: Wa wafanyakazi wetu na mitambo;
- Kilimo: Ubora na upatikanaji wa malighafi;
- Uwajibikaji kikamilifu katika Ugavi; na
- Unywaji pombe kistaarabu

Kampuni ya Bia namba moja ulimwenguni kwa mauzo, Anheuser-Busch InBev NV, mwezi Septemba 2015 ilijitokeza na kuweka hadharani nia ya kuinunua Kampuni namba mbili ya bia ulimwenguni, SABMiller. Kutokana na ukubwa na mtandao mkubwa wa biashara za makampuni haya mawili ulimwenguni, imebidi ununuzi huu uchukue muda mrefu kukamilika ili kutekeleza matakwa ya nchi mbalimbali yanayohusiana na ushindanaji kibiashara.

Mtazamo wa kipindi kinachokuja utategemea kwa kiasi kikubwa uchumi endelevu, kiwango cha ongezeko la ushuru, gharama za umeme na maji, ujenzi wa miundombinu, uimara wa thamani ya sarafu ya Tanzania na ukamilishaji wa mabadiliko ya umiliki wa kampuni mama. Naamini kwamba tukiunganisha pamoja utendaji wetu, na uwajibikaji wa watu wetu tutahakikisha kuwa TBL itaibuka kuwa imara zaidi na kuwa kampuni yenye kuleta ushindani zaidi kwa maslahi ya wanahisa, wadau wa kibiashara na uchumi kwa ujumla.



Roberto Jarrin
Managing Director

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values**
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

Vision & Company Values

Vision

To be the most admired Company in Tanzania

- The investment of choice
- The employer of choice
- The partner of choice

Values

Our people are our enduring advantage

- The caliber, passion and commitment of our people set us apart
- We value and encourage diversity
- We select and develop people for the long term
- Performance is what counts

Accountability is clear and personal

- We favour decentralized management and a practical maximum of local autonomy
- Goals and objectives are aligned and clearly articulated
- We prize both intellectual rigour and emotional engagement
- We are honest about performance
- We require and enable self-management

We work and win in teams

- We actively develop and share knowledge within the group
- We consciously balance local and group interests
- We foster trust and integrity in internal relationship
- We encourage camaraderie and a sense of fun

We understand and respect our customers and consumers

- We are endlessly concerned with our customers' needs and perceptions
- We build lasting relationships, based on trust
- We aspire to offer the preferred choices of product and service
- We innovate and lead in a changing world

Our reputation is indivisible

- Our reputation relies on the actions and statements of every employee
- We build our reputation for the long term
- We are fair and ethical in all our dealings
- We benefit the local communities in which we operate



Directors'
report

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Directors' report

The Directors submit their annual report together with the audited financial statements for the year ended 31 March 2016, 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 interests 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 Tanzania:

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. Despite these challenges, the

Company still managed to record moderate volume growth during the year.

Performance for the year

The Group is pleased to report a solid set of results for the year despite inflationary cost increases, market liquidity pressures and lower consumer disposable income.

Revenue of TShs 1,112,608 million represents a growth of 4% on prior year and is attributable to volume growth as well as inflationary price increases, improved efficiencies and focused cost saving initiatives. These initiatives led to 4% growth in the trading profit compared to prior year and resulted in an increase in profit for the year to TShs 228,981 million from TShs 216,555 million in 2015.

A total of TShs 59.4 billion was invested in capital investment compared to TShs 84.9 billion in the prior year.

Despite increased operational cost pressures resulting from a combination of rising fuel, energy and raw materials prices, the group's cash generated from operations was TShs 373 billion reflecting a 2% increase on prior year. Of this amount, TShs 93 billion was utilized to pay corporate income tax and the remaining amount funded capital expenditure, repayment of bank borrowings, interest expenses 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 the first, second and third interim dividend for the year ended 31 March 2016 of TShs 600 per share amounting to TShs 176,292 million (2015: TShs 500 per share amounting to TShs 146,768 million). The Directors do not recommend payment of a final dividend.

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report**
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

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 2015, unless otherwise stated, are:

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

Director of Operations, East Africa, and the Managing Director, Tanzania Breweries Limited. He was appointed to the Board on 1 May 2014. He is representing SABMiller Africa BV.

Mr. L. Mususa
Tanzanian

A Certified Public Accountant and Private Management Consultant. He was appointed on 1st July, 2015. He is an appointee of SABMiller Africa BV. He also serves as the Chairman of the Group Audit Committee.

Mr. W. Hall
South African

Commercial Director Africa appointed on the TBL Board on 25 January 2012. He retired on 10 December, 2015. He was an appointee of SABMiller Africa BV.

Ambassador A.R. Mpungwe
Tanzanian

Businessman, appointed by SABMiller Africa BV, in October 2001.

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. I. Penhale
British

Director Marketing for SABMiller Africa. He was appointed to the Board on 9 October 2014. He retired on 10 December, 2015. He was representing SABMiller Africa BV.

Ms. E. Nyambibo
Tanzanian

She is the Deputy Permanent Secretary, Ministry of Finance, sitting on the Board as the Government's representative. She was replaced by a new appointee on 8 April 2016.

Mr. P. J. I. Lasway
Tanzanian

Business Consultant. He was appointed on 18 February 2010. He is an appointee of SABMiller Africa BV.

Mr. U. A. Mussa
Tanzanian

He is the Permanent Secretary Ministry of Trade, Industry and Marketing. He was replaced by a new appointee on 8 April 2016.

Dr. Adelhem J. Meru
Tanzanian

Permanent Secretary - Ministry of Trade, Industry and Investment sitting on the Board as the Government's representative with effect from 8 April 2016.

Ms. L. Swartz
South African

Human Resources Director for SABMiller Africa. She was appointed to the Board on 15 December 2015. She is an appointee of SABMiller Africa BV.

Ms Dorothy Mwanyika
Tanzanian

Deputy Permanent Secretary - Ministry of Finance and Planning sitting on the Board as the Government's representative with effect from 8 April 2016.

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 is representing SABMiller Africa BV.

In accordance with the Company's Articles of Association, the directors are not required to retire by rotation.

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report**
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

7. Composition of the board of directors (continued)

Operating Board:

Mr. R. Jarrin
Ecuadorian

Managing Director, Tanzania Breweries Limited. Appointed on 1 April 2014.

Mr. P. J. I. Lasway
Tanzanian

External Affairs and Special Projects Director. Appointed in February 2010.

Mr. M. Benjamin
South African

Executive Director Tanzania Distilleries Limited. Appointed in August 2015.

Mr. K. H. O'Flaherty
South African

Finance Director. Appointed in May 2008.

Mr. S. F. Kilindo
Tanzanian

Corporate Affairs and Legal Director. Appointed in March 2008. He retired on 31 st March, 2016.

Mr. D. Mgwassa
Tanzanian

Former Managing Director, Tanzania Distilleries Limited. Appointed in June 2008 and retired in July 2015.

Ms. K. Thomas
South African

Marketing Director. Appointed in October 2011.

Mr. G. Van Wijk
South African

Technical Director. Appointed in April 2011.

Mr. D. Cason
South African

Head of the Traditional beverage business. Appointed on 1 October 2014.

Mr. D. Magese
Tanzanian

Human Resources Director. Appointed on 1 September 2013.

Mr. M. van Geldern
Dutch

Strategy Director. Appointed on 1 September 2015.

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	Ordinary Shares
	2016	2015
C.D. Msuya	8,000	8,000
R.O.S. Mollel	-	3,600
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	92,403

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Directors' report

continued

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 of 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.

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 (2015: 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;
- Technical department;
- Marketing department;
- Sales and distribution department;
- Human resources department; and
- 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 2016 was TShs 13,890 (2015: TShs 15,000) and market capitalization was TShs 4,096 billion (2015: TShs 4,423 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 2016 and is of the opinion that they met accepted criteria. The Board carries out risk and internal control assessment through the Audit Committee.

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Directors' report

continued

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.

Training Facilities

The Company spent about TShs 1,055 million for staff training programs in the year compared to TShs 1,191 million in 2015. 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 Metropolitan Tanzania Insurance Limited.

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 2016, the Company had 2,223 (2015: 1,868) employees, out of which 291 (2015: 255) were female and 1,932 (2015: 1,613) 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 430 million (2015: TShs 418 million).

17 Environmental control programme

With a Loss and Waste reduction methodology focus, by each section of the Breweries (Packaging, Brewing & Utilities) as well as investment in Capital projects, a 3.76% reduction in water usage was achieved over prior year. A 1.85% reduction in energy consumption was achieved, with major challenges still being

faced with electrical supply from the national grid.

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 the 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 the private sector; strategies have been developed in ensuring the identified potential risks are managed and/or mitigated immediately. In the past year much progress has been made around the catchment-level initiatives, particularly the creation of the Kilimanjaro Water Stewardship Platform and the Great Ruaha Restoration Campaign. Going forward, more funding is required to execute the key priority areas agreed during the short term period for quick win-win results, while for the medium and long term ones, a comprehensive program is being developed, including sourcing funds and developing capacity to execute and implement various projects proposed by the work streams.

The Company will continue to play a leading role in this association, particularly to share best practice in corporate water stewardship as well as mobilizing private sector counterparts to support this initiative.

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report**
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

Directors' report

continued

18 Corporate social responsibility

No Water No Life (Bila Maji Hakuna Uhai) program

In previous years the No Water No Life initiative provided over 280,000 people uninterrupted access to clean and safe water in both rural and urban areas around the country. The business chose to relook at this model with a view to working with water experts to both launch and manage sustainable water projects in the country. We are in this regard; looking to launch a pilot with AMREF during the financial year 2017 (F17) which we hope will inform this important initiative going forward.

Other Corporate Social Investments

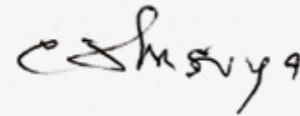
During the financial year 2016 (F16), our partnership with the Tanzania Police Force continued to focus on creating awareness on drinking and driving. The major focus regions were Dar es Salaam, Mbeya, Mwanza and Arusha. Of particular interest this year was the fact that we were able to share our fleet management expertise as well as Alcohol Behaviour and Communication (AB & C) training with police officers and most of the major media houses. The demand for AB & C was high. We therefore, hope to build on this in F17.

Safety aside, we worked with the Gender Desk of the Tanzania Police Force to create awareness on many societal issues including: Gender Based Violence (GBV); Maintenance; Inheritance; Divorce and Separation; Spousal and Children's Rights to name but a few, at all our sites.

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 financial year 2017 will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



Hon. C.D. Msuya
Chairman

Date: 18 August 2016

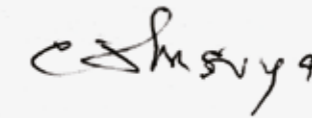
Statement of directors' responsibilities for the year ended 31 March 2016

The Companies Act, CAP 212 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, CAP 212 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: 18 August 2016

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Excellence built from sustainability

In the agriculture sector, barley farming is a source of livelihood for more than 270 farmers in rural Tanzania. In 2015, farmers on the TBL Farming scheme had a bumper harvest and produced 15,574 tonnes. This was the first time since 1999 that we had had a harvest that exceeded our production levels and we were able to meet the malt requirements for our Mwanza and Arusha breweries. Thanks to the TBL Yield improvement program which won the Mackay regional runner up award, farmers average per acre income increased from TShs 380,395 in 2014, to TShs 680,188 in 2015.

Over 700 farmers in Dodoma are on the TDL Grape Farming program in Bihawana, Mpunguzi, Mvumi, Hombolo, Mbabala, Veyula, Makang'wa, Mzakwe and Mbalawala villages. These small farmers receive agricultural training and technical assistance from TDL viticulturists in partnership with experts from Makutupora Viticulture Training and Research Center (MVTRC). In addition to being on this scheme, small scale grape farmers' children have access to scholarships offered by the Konyagi Social Trust - Zabibu na Shule Kwanza. This initiative provides the children, especially girls, with an opportunity to access formal education.

For its part, DarBrew Limited offers traditional beer consumers with a sanitized option to informal alcohol through its Chibuku and Nzagamba brands which are available in various pack sizes. The company has also recruited informal alcohol brewers of Chibuku as sales agents through its Chibuku Mamas Programme. 130 women have been enlisted on the programme to date.

Contribution to government revenue
TBL is Tanzania's largest taxpayer, having contributed TShs 2.3 trillion in taxes to the government over the past 10 years. The Group's contribution to the development of Tanzania through the collection and payment of tax continues to be recognised by various stakeholders in the country through the various accolades accorded to TBL Group by the Tanzania Revenue Authority (TRA) for four consecutive years.

The Future
TBL Group remains committed to being at the forefront of the industrialisation drive in Tanzania. It, however believes that: tax increases that are below the rate of inflation; production (formalising and commercialising) of traditional beer in more sanitised conditions; as well as excise remission on locally produced malt, will give the alcoholic drinks sector the much needed room that it needs to grow.



Report of the
independent
auditor

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor**
- 10 Financial Statements
- 11 Notes to the Financial Statements
- 12 Administration and notice of meeting

Report of the independent auditor to the members of Tanzania Breweries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Tanzania Breweries Limited (the "Company") and its subsidiaries (together, the "Group"), which comprise the Group's and the Company's statements of financial position as at 31 March 2016, and their respective statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these 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 the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

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.

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

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

Opinion

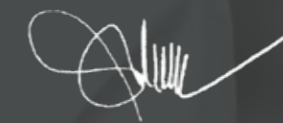
In our opinion, the accompanying financial statements give a true and fair view of the state of the Group's and of the Company's financial affairs as at 31 March 2016 and of their profits and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, CAP 212 Act No. 12 of 2002.

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, CAP 212 Act No. 12 of 2002 and for no other purposes.

As required by the Companies Act, CAP 212 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.



Michael M. Sallu, FCPA-PP



pwc

**For and on behalf of
PricewaterhouseCoopers**
Certified Public Accountants
Dar es Salaam
Date 23 August 2016



Financial
statements

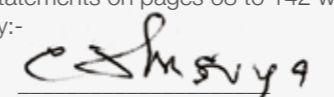
Statement of profit or loss and other comprehensive income

	Notes	Group		Company	
		2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Revenue	6	1,112,608	1,073,124	909,676	852,264
Cost of sales	7	(574,414)	(544,742)	(438,369)	(401,411)
Gross profit		538,194	528,382	471,307	450,853
Selling and distribution costs	7	(142,027)	(154,666)	(120,823)	(133,580)
Administrative expenses	7	(60,341)	(55,485)	(54,011)	(44,921)
Other (expenses)/income	9	(5,882)	(185)	11,540	8,499
Fair value gain on derivatives	10	126	293	126	293
Operating profit		330,070	318,339	308,139	281,144
Finance income	11	6,596	209	14,951	6,924
Finance costs	11	(8,854)	(9,617)	(7,117)	(7,555)
Profit before income tax		327,812	308,931	315,973	280,513
Income tax expense	12	(98,831)	(92,376)	(90,536)	(81,046)
Profit for the year		228,981	216,555	225,437	199,467
Attributable to:					
Non-controlling interests		6,073	9,119		
Equity holders of company		222,908	207,436		
		228,981	216,555		
Other comprehensive income:					
<i>Items that may be reclassified to profit or loss</i>					
Cash flow hedges:					
Gains/(losses) on cash flow hedges		1,403	(5,033)	1,482	(4,478)
Deferred tax on fair value gain/(loss)		(431)	1,075	(445)	996
Total comprehensive income		229,953	212,597	226,474	195,985
Attributable to:					
Non-controlling Interests		6,062	8,953		
Equity holders of company		223,891	203,644		
		229,953	212,597		
Basic earnings per share (TShs)	13	771.2	717.7		
Diluted earnings per share (TShs)	13	755.8	703.3		

Statement of financial position as at 31 march

	Notes	Group		Company	
		2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
ASSETS					
Non-current assets					
Property, plant and equipment	15	506,977	503,359	469,970	470,485
Intangible assets	16	49,165	49,086	1,491	942
Investments	17	88	88	53,942	53,942
		556,230	552,533	525,403	525,369
Current assets					
Derivative financial instruments	18	1,111	813	1,082	779
Inventories	19	125,991	120,309	91,729	90,376
Trade and other receivables	20	177,477	157,028	212,215	145,088
Current income tax	30	-	6,591	-	3,659
Bank and cash balances	21	38,127	35,767	14,220	24,267
		342,706	320,508	319,246	264,169
Total assets		898,936	873,041	844,649	789,538
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		584,930	538,979	569,876	521,396
Other reserves	23	(13,697)	(14,680)	(13,406)	(14,443)
		646,072	599,138	631,309	581,792
Non-controlling interests	24	12,018	13,657	-	-
Total equity		658,090	612,795	631,309	581,792
LIABILITIES					
Non-current liabilities					
Borrowings	25	529	1,500	-	-
Deferred income tax	26	50,323	53,178	48,243	50,133
Defined pension benefits	27	4,200	-	4,200	-
		55,052	54,678	52,443	50,133
Current liabilities					
Provisions for other liabilities and charges	28	2,235	739	2,235	739
Derivative financial instruments	18	2,529	3,760	2,144	3,419
Trade and other payables	29	153,139	144,439	125,858	113,681
Borrowings	25	25,661	56,630	24,355	39,774
Current income tax	30	2,230	-	6,305	-
		185,794	205,568	160,897	157,613
Total liabilities		240,846	260,246	213,340	207,746
Total equity and liabilities		898,936	873,041	844,649	789,538

The financial statements on pages 68 to 142 were approved by the board of directors on 18 August 2016 and signed on its behalf by:-


Hon. C.D. Msuya - Chairman

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Financial statements

For the year ended 31 March 2016

Statement of changes in equity

	Notes	Attributable to owners of the parent				Non-Controlling Interest	Total equity	
		Share capital	Share premium	Other reserves	Retained earnings			
GROUP		TShs'M	TShs'M	TShs'M	TShs'M	TShs'M	TShs'M	
Year ended 31 March 2016								
Balance at 1st April 2015		29,493	45,346	(14,680)	538,979	599,138	13,657	612,795
Comprehensive Income								
Profit for the year		-	-	-	222,908	222,908	6,073	228,981
Fair value gain on cash flow hedges (net of tax)	23	-	-	983	-	983	(11)	972
Total comprehensive income		-	-	983	222,908	223,891	6,062	229,953
<i>Transaction with owners</i>								
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
Year ended 31 March 2015:								
Balance at 1st April 2014		29,493	45,346	(10,888)	479,007	542,958	9,645	552,603
Comprehensive Income								
Profit for the year		-	-	-	207,436	207,436	9,119	216,555
Fair value loss on cash flow hedges (net of tax)	23	-	-	(3,792)	-	(3,792)	(166)	(3,958)
Total comprehensive income		-	-	(3,792)	207,436	203,644	8,953	212,597
<i>Transaction with owners</i>								
Dividends provided for or paid	14	-	-	-	(147,464)	(147,464)	(4,941)	(152,405)
At 31 March 2015		29,493	45,346	(14,680)	538,979	599,138	13,657	612,795

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total equity
		TShs'M	TShs'M	TShs'M	TShs'M	TShs'M
COMPANY						
Year ended 31 March 2016						
Balance at 1st April 2015		29,493	45,346	(14,443)	521,396	581,792
Comprehensive Income						
Profit for the year		-	-	-	225,437	225,437
Fair value gain on cash flow hedges (net of tax)	23	-	-	1,037	-	1,037
Total comprehensive income		-	-	1,037	225,437	226,474
<i>Transaction 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
Year ended 31 March 2015						
At 1 April 2014		29,493	45,346	(10,961)	469,393	533,271
Comprehensive income						
Profit for the year		-	-	-	199,467	199,467
Fair value loss on cash flow hedges (net of tax)	23	-	-	(3,482)	-	(3,482)
Total comprehensive income		-	-	-	199,467	195,985
<i>Transactions with owners</i>						
Dividends provided for or paid	14	-	-	-	(147,464)	(147,464)
At 31 March 2015		29,493	45,346	(14,443)	521,396	581,792

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Financial statements

For the year ended 31 March 2016

Index to Notes to the Financial statements

Statements of cash flows

	Notes	Group		Company	
		2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Cash flows from operating activities					
Cash generated from operations	34(i)	373,078	365,312	293,982	326,773
Interest paid	34(ii)	(9,307)	(5,786)	(7,570)	(4,470)
Income tax paid	34(iii)	(93,295)	(95,342)	(82,906)	(85,859)
Net cash inflow from operating activities		270,476	264,184	203,506	236,444
Cash flows from investing activities					
Purchase of property, plant and equipment	34(v)	(59,382)	(84,931)	(51,279)	(78,224)
Purchase of intangible assets	16	(1,096)	(709)	(1,010)	(783)
Interest received	34(iv)	3,218	312	13,057	7,027
Dividend income received	9	-	-	14,302	9,176
Proceeds from disposal of property, plant and equipment		1,248	122	741	104
Net Cash used in investing activities		(56,012)	(85,206)	(24,189)	(62,700)
Cash flows from financing activities					
Dividends paid to company's shareholders	34(vi)	(176,292)	(146,768)	(176,292)	(146,880)
Dividends paid to non- controlling interests	34(vi)	(7,701)	(4,941)	-	-
Repayment of bank borrowings	34(vii)	(750)	(2,625)	-	(1,875)
Net cash utilised in financing activities		(184,743)	(154,334)	(176,292)	(148,755)
Net increase in cash and cash equivalents					
Cash and cash equivalents at beginning of the year		(19,662)	24,644	(15,054)	24,989
Exchange gain/(loss) on cash and cash equivalent		3,378	(3,533)	1,894	(2,787)
Cash and cash equivalents at the end of the year	21	13,437	(19,661)	(10,135)	(15,054)

Note		Page	Note		Page
1	GENERAL INFORMATION	75	20	TRADE AND OTHER RECEIVABLES	123
2	SIGNIFICANT ACCOUNTING POLICIES	75	21	BANK AND CASH BALANCES	124
3	CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS	93	22	SHARE CAPITAL	124
4	FINANCIAL RISK MANAGEMENT	94	23	OTHER RESERVES	125
5	BUSINESS SEGMENTS INFORMATION	104	24	NON-CONTROLLING INTERESTS	127
6	REVENUE	108	25	BORROWINGS	127
7	EXPENSES BY NATURE	108	26	DEFERRED TAX LIABILITIES	129
8	EMPLOYEE BENEFITS EXPENSES	109	27	DEFINED PENSION BENEFITS	130
9	OTHER (EXPENSES)/INCOME	109	28	PROVISIONS FOR OTHER LIABILITIES AND CHARGES	131
10	DERIVATIVE INCOME	109	29	TRADE AND OTHER PAYABLES	132
11	FINANCE INCOME AND COSTS	109	30	CURRENT INCOME TAX (ASSETS)/LIABILITIES	132
12	INCOME TAX EXPENSE	110	31	FINANCIAL INSTRUMENTS BY CATEGORY	133
13	EARNINGS PER SHARE	111	32	COMMITMENTS	134
14	DIVIDENDS	112	33	CONTINGENT LIABILITIES	135
15	PROPERTY, PLANT AND EQUIPMENT	113	34	CASH FLOW INFORMATION	136
16	INTANGIBLE ASSETS	117	35	RELATED PARTY TRANSACTIONS AND BALANCES	138
17	INVESTMENTS	119	36	ULTIMATE PARENT COMPANY	142
18	DERIVATIVE FINANCIAL INSTRUMENTS	121	37	APPROVAL OF FINANCIAL STATEMENTS	142
19	INVENTORIES	122			

- 1 10 Year Review
- 2 Cash value added statement
- 3 Chairman's statement
- 4 Taarifa ya Mwenyekiti
- 5 Managing Director's report
- 6 Ripoti ya Mkurugenzi mtendaji
- 7 Vision & Company Values
- 8 Directors' report
- 9 Report of the independent auditor
- 10 Financial Statements
- 11 Notes to the Financial Statements**
- 12 Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016



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 Annual 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). 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 2015 and have an impact on the Group and Company.

Annual improvements to IFRSs 2010 – 2012 reporting cycle. These annual improvements amend standards from the 2010 – 2012 reporting cycle. It includes changes to:

- IFRS 8, 'Operating segments' which is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

Annual improvements to IFRSs 2010 – 2012 reporting cycle. These annual improvements amend standards from the 2010 – 2012 reporting cycle (continued)

- IFRS 13, 'Fair value' which amended the basis of conclusions to clarify that it did not intend to remove the ability to measure short term receivables and payables at invoice amounts where the effect of discounting is immaterial.
- IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

Annual improvements to IFRSs 2011 – 2013 reporting cycle. These annual improvements amend standards from the 2011 – 2013 reporting cycle. It includes changes to:

- IFRS 13, 'Fair value measurement' is amended to clarify that the portfolio exception

in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

(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:

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 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.

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.

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.

Disclosure Initiative – Amendments to IAS 1. 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.

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.

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.

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.

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.

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, equipment and vehicles	3 – 12 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. Direct costs associated with the production of identifiable and unique internally generated software products controlled by the Group or Company are recognised as intangible assets, when the following criteria have been met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other

resources to complete the development and to use or sell the software product are available; and

- The expenditure attributable to the software product during its development can be reliably measured.

Direct costs include software development employment costs (including those of contractors used) and an appropriate portion of overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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.

(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 except inventories (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. Assets subject to amortisation are reviewed for impairment if circumstances or events change to indicate that the carrying value may not be fully recoverable.

(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.

(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.

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



The Mamas' Project

Darbrew, through its Chibuku brand, has designed a project to support women who are engaged in illicit brew business. This illicit brewing business (Komoni, Mnazi, Gongo, etc) in their homes have put themselves, families and surrounding communities in health, environmental, economic and legal danger.

Through the partnership with these women, Chibuku brand has been able to grow as an alternative and convenient product that serves as an honest source of income for those turning away from the informal brewing function embracing the modern and convenient Chibuku Bulk.

This Mamas' project began in April, 2015 with about 5 women as a pilot project. Today, the number of women has increased to 100+ and they are all able to buy and sell from 100 litres to 1,000 litres in a day while making a profit of TShs 10,000 up to TShs 50,000.

Most of the Mamaz have been converted away from informal beer embracing Chibuku to establish legal businesses of stocking the quality & standard certified brand. Lives have been changed with improved income proceeds from the Chibuku sales and many who have delved into the business have been given a new lease of life.

"I joined the Chibuku Mamas' programme in July this year. At first I was so scared of accepting the idea. I feared I would lose my customers. I am surprised at how things have turned around. I am so happy that through Chibuku my life has improved. I live with my two children and a granddaughter; all of them are in school and live a better life. I thank DarBrew for recruiting me into this project" said mama Ngando who is one of the DarBrew Chibuku Mamas' project beneficiaries.

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. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

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, 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.

(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 assets
 Assets 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.

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

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

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 interest rate swaps, cross currency swaps, 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 Company's and Group'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 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.

(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 2016 was estimated at TShs 3,710 billion (2015: TShs 4,106 billion). If the budgeted EBIDTA 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 2016, the estimated value in use would have been TShs 549 billion (2015: TShs 49.8 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 297 billion (2015: TShs 701 billion) higher 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 192 billion (2015: TShs 354 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 values.

(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 a number of assumptions. 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.

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.

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 entire 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.

GROUP	Exposure in ZAR TShs`M	Exposure in US\$ TShs`M	Exposure in Euro TShs`M	Total exposure TShs`M
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
31 March 2015				
Financial assets/(liabilities)				
Cash and cash equivalents	449	4,901	4,755	10,105
Trade and other receivables	-	6,576	599	7,175
Borrowings	(411)	(77)	-	(488)
Trade and other payable	(2,537)	(8,744)	(6,183)	(17,464)
Net monetary assets/ (liabilities)	(2,499)	2,656	(829)	(672)
COMPANY				
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)
31 March 2015				
Financial assets/(liabilities)				
Cash and cash equivalents	276	3,457	2,772	6,505
Trade and other receivables	-	6,576	599	7,175
Borrowings	(265)	(77)	-	(342)
Trade and other payable	(2,537)	(6,789)	(6,183)	(15,509)
Net monetary assets/(liabilities)	(2,526)	3,167	(2,812)	(2,171)

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

At 31 March 2016, if the Tanzania shilling (TShs) had weakened/strengthened by 10% (2015: 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 49 million (2015: TShs 185 million) and the Company's post-tax profit for the year by TShs 493 million (2015: TShs 222 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 2016, if the Tanzania shilling (TShs) had weakened/strengthened by 10% (2015: 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 17 million (2015: TShs 58 million) and Company's post-tax profit for the year by TShs 316 million (2015: TShs 197 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 2016, if the Tanzania shilling (TShs) had weakened/strengthened by 10% (2015: 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 56 million (2015: TShs 175 million) and Company's by TShs 41 million (2015: TShs 179 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 short-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 2016, an increase/decrease of 100 basis points (2015:100 basis points) would have resulted in a decrease/increase in post-tax profit of the Group of Tshs 183 million (2015: TShs 1,580 million) and Company of TShs 170 million (2015: TShs 1,580 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. 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:

	Group		Company	
	2016	2015	2016	2015
	TShs'M	TShs'M	TShs'M	TShs'M
Trade receivables and other receivables				
Counterparties without external credit rating:				
Group 1 – New customers	465	733	340	478
Group 2 – Existing customers with no defaults in the past	71,588	103,836	65,243	59,132
Existing customers not in group 1 and 2 above and other receivables (excluding advance to suppliers and prepayments) - Not in arrears	55,425	48,781	124,796	84,084
	127,478	153,350	190,379	143,694
Cash at bank and short term bank deposits	38,127	35,565	14,220	24,181

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

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

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.

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Collateral held comprises:				
Cash security	31,659	26,623	28,516	24,486
Bank guarantees and share certificates	51,713	57,204	51,713	54,652
	83,372	83,827	80,229	79,138

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.

The aging of these receivables is as follows;

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Past due but not impaired:				
- by up to 30 days	26,931	13,820	7,341	5,660
- by 31 to 60 days	4,827	8,334	1,973	1,617
- by over 60 days	17,776	8,614	702	4,510
Total past due but not impaired	49,534	30,768	10,016	11,787
Trade receivables individually determined to be impaired:				
Carrying amount before provision for impairment loss	3,778	2,065	1,527	1,415
Provision for impairment loss	(3,778)	(2,065)	(1,527)	(1,415)
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.

Name of bank	2016 Credit limit TShs'M	Utilised TShs'M	2015 Credit limit TShs'M	Utilised TShs'M
Group				
Stanbic Bank Tanzania Limited	30,000	-	9,000	-
Standard Chartered Bank Tanzania Limited	30,000	10,903	30,000	15,495
Citibank Tanzania Limited	-	-	11,190	-
National Bank of Commerce Limited	110,945	13,787	61,000	42,004
National Microfinance Bank Plc	-	-	15,000	178
	170,945	24,690	126,190	57,677
Company				
Stanbic Bank Tanzania Limited	30,000	-	9,000	-
Standard Chartered Bank Tanzania Limited	30,000	10,902	30,000	343
Citibank Tanzania Limited	-	-	11,190	-
National Bank of Commerce Limited	109,445	13,453	53,000	38,800
National Microfinance Bank Plc	-	-	15,000	178
	169,445	24,355	118,190	39,321

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.

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

	Group		Company	
	Within 1 Year TShs'M	Between 2 and 5 Years TShs'M	Credit Within 1 Year TShs'M	Between 2 and 5 Years TShs'M
At 31 March 2016				
<i>Non derivative financial liabilities</i>				
Borrowings and interest on borrowings	25,661	577	24,355	-
Trade and other payable	121,658	-	101,438	-
Provision for other liabilities and charges	2,235	-	-	-
	149,554	577	125,793	
<i>Derivative financial liabilities</i>				
- Cash outflows - forward	81,913	-	69,551	-
At 31 March 2015				
<i>Non derivative financial liabilities</i>				
Borrowings and interest on borrowings	1,203	1,500	453	-
Trade and other payable	109,791	-	90,339	-
Provision for other liabilities and charges	739	-	-	-
	111,733	1,500	90,792	-
<i>Derivative financial liabilities</i>				
- Cash outflows - forward	58,133	-	55,734	-

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 2016 the Group's and Company's strategy, which was unchanged from the prior year, was to maintain a gearing ratio of below 60%. The gearing ratios at 31 March 2016 and 2015 were as follows:

Group	Note	2016 TShs'M	2015 TShs'M
Total borrowings	25	26,189	58,130
Less: cash at bank and in hand	21	(38,127)	(35,767)
Net debt		(11,938)	22,363
Total equity		657,448	612,795
Total capital		645,510	635,158
Gearing ratio		(2%)	4%
Company			
Total borrowings	25	24,355	39,774
Less: cash at bank and in hand	21	(14,220)	(24,267)
Net debt		10,135	15,507
Total equity		630,757	581,792
Total capital		640,892	597,299
Gearing ratio		2%	3%

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).

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

The following table presents the Group's and Company's financial assets and liabilities that are measured at fair value at 31 March 2016.

GROUP				
Year ended 31 March 2016	Level 1	Level 2	Level 3	Total
	TShs'M	TShs'M	TShs'M	balance
				TShs'M
Assets				
Embedded derivatives	-	725	-	725
Derivatives used for hedging				
- Foreign exchange contracts	-	386	-	386
	-	1,111	-	1,111
Liabilities				
Derivatives used for hedging				
-Foreign exchange contracts	-	2,529	-	2,529
Year ended 31 March 2015				
Assets				
Embedded derivatives	-	599	-	599
Derivatives used for hedging				
- Foreign exchange contracts	-	214	-	214
	-	813	-	813
Liabilities				
Derivatives used for hedging				
- Foreign exchange contracts	-	3,760	-	3,760

COMPANY

Year ended 31 March 2016	Level 1	Level 2	Level 3	Total
	TShs'M	TShs'M	TShs'M	balance
				TShs'M
Assets				
Embedded derivatives	-	725	-	725
Derivatives used for hedging				
- Foreign exchange contracts	-	357	-	357
	-	1,082	-	1,082
Liabilities				
Derivatives used for hedging				
- Foreign exchange contracts	-	2,144	-	2,144
Year ended 31 March 2015				
Assets				
Embedded derivatives	-	599	-	599
Derivatives used for hedging				
- Foreign exchange contracts	-	180	-	180
	-	779	-	779
Liabilities				
Derivatives used for hedging				
-Foreign exchange contracts	-	3,419	-	3,419

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.

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

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 2016 and 31 March 2015 is as follows:

Segmental statement of profit or loss

	Beer TShs'M	Wines & Spirits TShs'M	(Eliminations) /consolidation TShs'M	Total Group TShs'M
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 cost/(income) (net)	7,835	(10,093)	-	(2,258)
Profit before tax	316,546	29,652	(18,386)	327,812
Income tax expense	(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.

Segment assets, liabilities and capital expenditure

	Beer TShs'M	Wines & Spirits TShs'M	(Eliminations) /consolidation TShs'M	Total Group TShs'M
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

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

Segmental statement of profit or loss

	Beer TShs'M	Wines & Spirits TShs'M	(Eliminations) /consolidation TShs'M	Total Group TShs'M
2015				
Revenue				
Exports	4,881	8,080	-	12,961
Local	857,284	202,879	-	1,060,163
Total revenue from external customers	862,165	210,959	-	1,073,124
Operating profit	280,680	46,835	(9,176)	318,339
Finance cost (net)	(1,007)	(8,401)	-	(9,408)
Profit before tax	279,673	38,434	(9,176)	308,931
Income tax expense	(80,918)	(11,458)		(92,376)
Profit for the year	198,755	26,976	(9,176)	216,555
Depreciation, amortisation and breakages	44,935	2,139	-	47,074

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

Segment assets, liabilities and capital expenditure

	Beer TShs'M	Wines & Spirits TShs'M	(Eliminations) /consolidation TShs'M	Total Group TShs'M
2015				
Assets				
Investments	53,942	-	(53,854)	88
Other non-current assets	484,334	23,215	44,896	552,445
Current assets	264,266	93,073	(36,831)	320,508
	802,542	116,288	(45,789)	873,041
Liabilities and equity				
Current liabilities	160,673	81,274	(36,379)	205,568
Non-current liabilities	52,304	2,454	(80)	54,678
Owner's equity	589,565	32,560	(22,987)	599,138
Non-controlling interest	-	-	13,657	13,657
	802,542	116,288	(45,789)	873,041
Capital expenditure				
2015				
Property, plant and equipment	82,146	3,236	-	85,382
Intangible assets	709	-	-	709
	82,855	3,236	-	86,091
Segment Cash flows				
2015				
Operating activities	246,946	17,238		264,184
Investing activities	(72,794)	(3,236)	(9,176)	(85,206)
Financing activities	(149,394)	(14,116)	9,176	(154,334)
Net increase in cash and cash equivalents	24,758	(114)	-	24,644
Cash and cash equivalent at the beginning of the year	(37,968)	(2,804)	-	(40,772)
Exchange loss on cash and cash equivalents	(2,787)	(746)	-	(3,533)
Cash and cash equivalents at the end of the year	(15,997)	(3,664)	-	(19,661)

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.

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

6 REVENUE

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Sale of goods – Local	1,102,736	1,060,163	906,808	847,383
Sale of goods – Export	9,872	12,961	2,868	4,881
	1,112,608	1,073,124	909,676	852,264

7 EXPENSES BY NATURE

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Excise duty	243,307	243,350	181,913	169,653
Raw materials used	220,817	205,375	155,204	143,562
Transport and vehicle running costs	32,791	36,605	27,184	29,997
Depreciation, write down and amortisation	54,910	47,074	51,019	44,045
Royalties	23,176	26,044	22,945	25,816
Impairment loss – receivables	209	295	143	134
Employee benefits expense (Note 8)	87,201	73,819	76,732	64,014
Advertising and promotion costs	40,098	49,768	33,796	44,021
Office running expenses	12,703	11,554	11,552	10,516
Operating lease rentals	9,688	9,309	7,052	6,980
Operating costs	10,579	12,320	7,576	10,232
Maintenance	12,686	11,172	10,815	8,855
Managerial, technical and administrative fees	28,156	27,697	26,912	21,667
Auditors remuneration – audit services	422	399	321	308
Professional fees – non audit services	39	112	39	112
	776,782	754,893	613,203	579,912

Classified as follows:

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Cost of sales	574,414	544,742	438,369	401,411
Selling and distribution costs	142,027	154,666	120,823	133,580
Administrative expenses	60,341	55,485	54,011	44,921
	776,782	754,893	613,203	579,912

8 EMPLOYEE BENEFITS EXPENSE

The following items are included within employee benefits expense

- Wages, salaries and other benefits	78,457	68,570	68,715	59,451
- Retirement benefit costs (defined contribution plans)	4,544	5,249	3,817	4,563
- Defined pension benefit	4,200	-	4,200	-
	87,201	73,819	76,732	64,014

9 OTHER (EXPENSES)/ INCOME

Loss on disposal of property, plant and equipment	(172)	(103)	(42)	(121)
Dividend income	-	-	14,302	9,176
Management fees	-	-	4,084	3,499
Foreign exchange (loss)/gain	(5,914)	770	(6,236)	(801)
Sundry income/(expenses)	204	(852)	(568)	(3,254)
	(5,882)	(185)	11,540	8,499

10 DERIVATIVE INCOME

Fair value gain on derivatives	126	293	126	293
--------------------------------	------------	-----	------------	-----

11 FINANCE INCOME AND COSTS

Finance income				
Interest income on bank balances	703	-	589	-
Interest income on intercompany accounts	2,515	209	2,645	209
Foreign exchange gains	3,378	-	1,894	-
Interest income on current account with a subsidiary	-	-	9,823	6,715
	6,596	209	14,951	6,924

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Finance costs				
Interest expense on bank borrowings	(8,242)	(5,974)	(6,505)	(4,658)
Interest expenses on current account with parent	(612)	(110)	(612)	(110)
Foreign exchange loss	-	(3,533)	-	(2,787)
	(8,854)	(9,617)	(7,117)	(7,555)

12 INCOME TAX EXPENSE

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Current income tax (Note 30)				
- Current tax on profit for the year	102,203	84,981	93,020	73,561
- Adjustments in respect of prior years	(87)	1,595	(150)	1,666
Deferred income tax (Note 26)				
- Current tax on profit for the year	(3,001)	7,651	(1,759)	8,011
- Adjustments in respect of prior years	(284)	(1,852)	(575)	(2,192)
Income tax expense	98,831	92,376	90,536	81,046

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

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Profit before income tax	327,812	308,931	315,973	280,513
Tax calculated at a rate of 30%	98,344	92,679	94,792	84,154
Income not subject to tax	-	(331)	(4,210)	(2,753)
Expenses not deductible for tax purposes	858	285	679	171
Adjustment to tax in respect of prior periods	(371)	(257)	(725)	(526)
Income tax expense	98,831	92,376	90,536	81,046

13 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to 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.

	2016	2015
Group		
Net profit attributable to shareholders (TShs'000)	222,907,663	207,436,000
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)	771.2	717.7

(b) 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.

	2016	2015
Group		
Net profit attributable to shareholders (TShs'000)	222,907,663	207,436,000
Weighted average number of shares for diluted earnings per share (000's)	294,928	294,928
Diluted earnings per share (TShs per share)	755.8	703.3

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

14 DIVIDENDS

2016	Company TShs'M	Non- controlling interest TShs'M	Group TShs'M	Dividend per share TShs/Share
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.

2015

First interim dividend	73,732	2,470	76,202	250
Second interim dividend	73,732	2,471	76,203	250
Total dividend expense	147,464	4,941	152,405	500

Dividend of TShs 500 per share amounting to TShs 147,464 million was approved by the board of directors of the Company and paid during the year.

15 PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and buildings TShs'M	Plant and machinery TShs'M	Furniture equipment and vehicles TShs'M	Containers TShs'M	Capital work in progress TShs'M	Total TShs'M
Year ended 31 March 2016						
Opening net book value	66,420	336,842	34,693	40,514	24,890	503,359
Additions	26	1,003	1,647	-	56,255	58,931
Disposals	-	(840)	(580)	-	-	(1,420)
Transfers	1,687	11,077	9,108	15,184	(37,056)	-
Reallocations	403	426	(760)	-	(69)	-
Breakages and other losses	-	-	-	(2,858)	-	(2,858)
Container write down	-	-	-	(2,758)	-	(2,758)
Depreciation charge	(4,449)	(30,529)	(7,190)	(6,109)	-	(48,277)
Closing net book value	64,087	317,979	36,918	43,973	44,020	506,977
At 31 March 2016						
Cost	96,404	511,892	98,661	92,379	44,020	843,356
Accumulated depreciation	(32,317)	(193,913)	(61,743)	(48,406)	-	(336,379)
Net book value	64,087	317,979	36,918	43,973	44,020	506,977

The Group's buildings, plant and machinery with net book value of 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.

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Land and buildings TShs'M	Plant and machinery TShs'M	Furniture equipment and vehicles TShs'M	Containers TShs'M	Capital work in progress TShs'M	Total TShs'M
Year ended 31 March 2015						
Opening net book value	53,696	302,973	25,319	51,564	41,118	474,670
Additions	-	-	-	-	85,382	85,382
Disposals	-	(195)	(30)	-	-	(225)
Transfers	16,530	61,229	18,638	5,213	(101,610)	-
Breakages and other losses	-	-	-	(4,391)	-	(4,391)
Container write-down	-	-	-	(5,671)	-	(5,671)
Depreciation charge for the year	(3,806)	(27,165)	(9,234)	(6,201)	-	(46,406)
Closing net book value	66,420	336,842	34,693	40,514	24,890	503,359
At 31 March 2015						
Cost	94,288	500,226	89,246	82,811	24,890	791,461
Accumulated depreciation	(27,868)	(163,384)	(54,553)	(42,297)	-	(288,102)
Net book value	66,420	336,842	34,693	40,514	24,890	503,359

The Group's buildings, plant and machinery with net book value of TShs 377,134 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.

COMPANY

Year ended 31 March 2016

	Land and buildings TShs'M	Plant and machinery TShs'M	Furniture equipment and vehicles TShs'M	Containers Tshs'M	Capital work in progress TShs'M	Total TShs'M
Opening net book value	58,529	318,605	30,291	39,647	23,413	470,485
Additions	-	-	-	-	50,828	50,828
Disposals	-	(565)	(220)	-	-	(785)
Transfers	1,552	11,121	8,546	14,749	(35,968)	-
Reallocations	403	80	(483)	-	-	-
Breakages and other losses	-	-	-	(2,858)	-	(2,858)
Container write down	-	-	-	(2,758)	-	(2,758)
Depreciation charge	(4,059)	(28,545)	(6,229)	(6,109)	-	(44,942)
Closing net book value	56,425	300,696	31,905	42,671	38,273	469,970
At 31 March 2016						
Cost	86,738	494,392	88,800	89,494	38,273	797,697
Accumulated depreciation	(30,313)	(193,696)	(56,895)	(46,823)	-	(327,727)
Net book value	56,425	300,696	31,905	42,671	38,273	469,970

The Company's buildings, plant and machinery with a net book value of TShs 357,707 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.

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

COMPANY	Land and buildings TShs'M	Plant and machinery TShs'M	Furniture equipment and vehicles TShs'M	Containers TShs'M	Capital work in progress TShs'M	Total TShs'M
Year ended 31 March 2015						
Opening net book value	47,258	292,467	21,475	51,085	32,828	445,113
Additions	-	-	-	-	78,675	78,675
Disposals	-	(195)	(30)	-	-	(225)
Transfers	14,790	51,814	17,006	4,480	(88,090)	-
Breakages and other losses	-	-	-	(4,387)	-	(4,387)
Container write down	-	-	-	(5,291)	-	(5,291)
Depreciation charge for the year	(3,519)	(25,481)	(8,160)	(6,240)	-	(43,400)
Closing net book value	58,529	318,605	30,291	39,647	23,413	470,485
At 31 March 2015						
Cost	84,783	483,756	80,957	80,361	23,413	753,270
Accumulated depreciation	(26,254)	(165,151)	(50,666)	(40,714)	-	(282,785)
Net book value	58,529	318,605	30,291	39,647	23,413	470,485

The Company's buildings, plant and machinery with a net book value of TShs 339,725 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.

16 INTANGIBLE ASSETS

Year ended 31 March 2016

	Group				Company
	Goodwill TShs'M	Software TShs'M	Brand TShs'M	Total TShs'M	Software TShs'M
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 At 31 March 2016	44,867	1,514	2,784	49,165	1,491
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

Year ended 31 March 2015

Opening net book value	44,867	838	3,276	48,981	805
Additions	-	709	-	709	783
Amortisation charge	-	(604)	-	(604)	(646)
Closing net book value At 31 March 2015	44,867	943	3,276	49,086	942
Cost	47,576	4,799	3,276	55,651	4,831
Accumulated amortisation	(2,709)	(3,856)	-	(6,565)	(3,889)
Net book value	44,867	943	3,276	49,086	942

The carrying amounts of the intangible assets approximate to their recoverable amounts. The carrying amount of goodwill is TShs 44,867 million (2015: 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 (2015: 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

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

the expected future cash in-flows relating to the sales activities of the brand. Tshs 492m was the charge that arose during the year in relation to amortisation 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)	
	2016	2015
Compound annual growth rate (CAGR)	9%	14.54
Long-term growth rate	5.6%	7.80
Discount rate (WACC)	13.29%	7.80

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 3,175,199 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

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
(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 at 31 March 2016. 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.

Name of Undertaking	Nature of business	Country of incorporation	% of ownership held by NCI		% of ownership held by group	
			2016	2015	2016	2015
Tanzania Distilleries Ltd	Manufacturer of spirituous liquor	Tanzania	35%	35%	65%	65%
Darbrew Ltd	Manufacturer of opaque beer	Tanzania	40%	40%	60%	60%
Mountainside Farms Ltd	Crop farming	Tanzania	-	-	4%	4%
Kibo Breweries Ltd	Rental of assets to related parties	Tanzania	-	-	100%	100%

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

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

	Tanzania Distilleries Limited		Darbrew Limited	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Current Assets	116,257	93,073	8,990	4,020
Liabilities	(107,833)	(81,274)	(18,915)	(8,014)
Total net current assets/(liabilities)	8,424	11,799	(9,925)	(3,994)
Non-Current Assets	25,342	23,215	9,682	7,643
Liabilities	(2,600)	(2,454)	(750)	(1,555)
Total non-current net assets	22,742	20,761	8,932	6,088
Net assets/(liabilities)	31,166	32,560	(993)	2,094

Summarised statements of profit or loss and other comprehensive income

	Tanzania Distilleries Limited		Darbrew Limited	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Revenue	189,682	210,959	13,723	10,395
Profit/(loss) before income tax	30,059	38,434	(3,570)	(934)
Income tax (expense)/income	(9,392)	(11,458)	484	130
Profit/(loss) after tax	20,667	26,976	(3,086)	(804)
Other comprehensive income				
Cash flow hedges:				
(Losses)/gain on cash flow hedges	(31)	(420)		
Total comprehensive income for the year	20,636	26,556	(3,086)	(804)
Allocated to Non- Controlling interest	7,223	9,442	(1,234)	(281)

Summarised statement of cash flows

	Tanzania Distilleries Limited		Darbrew Limited	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Net cash used in operations	51,039	16,492	6,556	2,844
Net cash used in investing activities	(4,592)	(3,236)	(3,052)	(3,124)
Net cash generated from financing activities	(22,003)	(14,116)	(742)	50
Net increase in cash and cash equivalents	24,444	(860)	2,762	(230)
Cash and cash equivalents at start of the year	(3,664)	(3,516)	(942)	(712)
Exchange loss on cash and cash equivalents	(24)	(746)	-	-
Cash and cash equivalents at end of the year	20,756	(5,122)	1,820	(942)

18 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Assets				
Forward foreign exchange contracts – cash flow hedges	386	214	357	180
Embedded derivatives	725	599	725	599
Total	1,111	813	1,082	779
Liabilities				
Forward foreign exchange contracts – cash flow hedges	2,529	3,760	2,144	3,419

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 SABMiller Group

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

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 2016 was TShs 81,913 million (2015: TShs 63,555 million) and TShs 69,551 million (2015: TShs 59,979 million), respectively.

Cash flow hedges (continued)

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 2016 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 2016 were TShs 9,805 million (2015: TShs 11,234 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

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Raw materials	55,049	42,523	42,094	30,086
Consumable stores and spares	43,909	46,053	41,971	44,230
Work in progress	6,708	11,729	6,333	10,577
Finished goods	26,356	25,501	7,178	10,247
	132,022	125,806	97,576	95,140
Less: Provision for impairment losses	(6,031)	(5,497)	(5,847)	(4,764)
	125,991	120,309	91,729	90,376

The cost of inventories recognised as an expense and included in 'cost of sales' in the Group's profit or loss amounted to TShs 220,817 million (2015: TShs 205,375 million). Similarly, this amounts to TShs 155,204 million (2015: TShs 142,827 million) in the Company's statement of profit or loss and other comprehensive income.

Inventories of engineering spares amounting to TShs 43,909 million (2016: TShs 46,053 million) are carried at net realisable value, this being lower than cost. During 2016, TShs 6,031 million (2015: TShs 5,497 million) was charged to the Group's statement of profit or loss for damaged, obsolete and lost inventories. Similarly, TShs 5,847 million (2015: TShs 4,764 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 (2015: Nil).

20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Trade receivables	150,318	100,265	95,151	54,516
Less: Provision for impairment losses	(3,778)	(2,065)	(1,527)	(1,415)
Trade receivables-net	146,540	98,200	93,624	53,101
Advances to suppliers	889	1,950	889	1,960
Staff advances and loans	2,043	2,465	1,678	1,833
Due from related parties (Note iii 35 (v))	10,346	6,576	103,161	75,456
Other receivables	7,792	39,739	4,271	6,795
Prepayments	9,867	8,098	8,592	5,943
	177,477	157,028	212,215	145,088

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

At start of year	(2,065)	(1,828)	(1,415)	(1,338)
Provision in the year	(1,713)	(295)	(112)	(134)
Utilised during the year	-	58	-	57
At end of year	(3,778)	(2,065)	(1,527)	(1,415)

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

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

21 BANK AND CASH BALANCES

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Cash in hand	260	202	101	86
Cash at bank	37,867	35,565	14,119	24,181
Total cash and bank balances	38,127	35,767	14,220	24,267

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

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Cash and bank balances	38,127	35,767	14,220	24,267
Bank overdrafts (Note 25)	(24,690)	(55,428)	(24,355)	(39,321)
Net cash and cash equivalents	13,437	(19,661)	(10,135)	(15,054)

22 SHARE CAPITAL

22.1 Ordinary share capital

Authorised, issued and fully paid:

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
294,928,463 ordinary shares of TShs 100 each	29,493	29,493	29,493	29,493

Share premium

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
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

	Ordinary Shares 2016	Ordinary Shares 2015	% holding 2016	% holding 2015
Resident shareholders:				
Ingawa Industries Limited	2,651,870	20,080,797	0.90	6.81
The Government of the United Republic of Tanzania	-	11,797,139	-	4.00
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	4,432,620	4,432,620	1.50	1.50
Public Service Pension Fund	1,020,581	2,820,581	0.35	0.96
National Social Security Fund	700,624	1,240,624	0.24	0.42
Employees Share Trust	5,898,570	-	2.00	-
General Public	77,317,174	51,819,923	26.21	17.57
Total resident	111,278,529	111,448,774	37.73	37.79
Non-resident shareholders				
SABMiller Africa BV	169,708,768	169,708,768	57.54	57.54
Others – East African shareholders	13,941,166	13,770,921	4.73	4.67
Total non-resident	183,649,934	183,479,689	62.27	62.21
Total ordinary shares in issue	294,928,463	294,928,463	100.00	100.00

23 OTHER RESERVES

GROUP	Hedging reserve TShs'M	Treasury shares TShs'M	Total TShs'M
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 gain	(436)	-	(436)
At end of the year	(1,497)	(12,200)	(13,697)

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

GROUP	Hedging reserve TShs'M	Treasury shares TShs'M	Total TShs'M
Year ended 31 March 2015			
At start of the year	1,312	(12,200)	(10,888)
Fair value loss during the year	(4,839)	-	(4,839)
Deferred tax on fair value loss	1,047	-	1,047
At end of the year	(2,480)	(12,200)	(14,680)
COMPANY			
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 gain	(444)	-	(444)
At end of the year	(1,206)	(12,200)	(13,406)
Year ended 31 March 2015			
At start of the year	1,239	(12,200)	(10,961)
Fair value loss during the year	(4,478)	-	(4,478)
Deferred tax on fair value loss	996	-	996
At end of the year	(2,243)	(12,200)	(14,443)

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

	2016 TShs'M	2015 TShs'M
35% of equity of Tanzania Distilleries Limited	10,939	11,418
40% of equity of Darbrew Limited	1,079	2,239
	12,018	13,657
35% interest in the profit for the year of Tanzania Distilleries Limited	7,234	9,441
40% interest in the loss for the year of Dar Brew Limited	(1,161)	(322)
Dividends paid to non-controlling interest (note 14)	(7,701)	(4,941)
35% interest in loss on cash flow hedge	(11)	(166)
	(1,639)	4,012

25 BORROWINGS

Non-current

NBC Limited - Term Loan

Current

Bank overdrafts
Short term bank loans
Interest payable on borrowings

Total borrowings

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
NBC Limited - Term Loan	529	1,500	-	-
	529	1,500	-	-
Bank overdrafts	24,690	55,427	24,355	39,321
Short term bank loans	971	750	-	-
Interest payable on borrowings	-	453	-	453
	25,661	56,630	24,355	39,774
Total borrowings	26,190	58,130	24,355	39,774

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 Ubungo 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 3.9 billion from Tanzania Breweries Limited (Note 32).

ii) Bank overdrafts

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Overdrafts are made up as follows:				
National Microfinance Bank Plc	-	178	-	178
National Bank of Commerce Limited	13,788	39,754	13,453	38,800
Standard Chartered Bank Tanzania Limited	10,902	15,495	10,902	343
	24,690	55,427	24,355	39,321

The overdraft facilities are annual facilities subject to review between April 2016 and March 2017. The company's property, plant and equipment have been secured against these facilities as disclosed in note 15.

iii) Short term Loans

Current portion of NBC term loan	971	750	-	-
----------------------------------	------------	-----	---	---

The carrying amount of the borrowings approximate to their fair values.

26 DEFERRED TAX LIABILITIES

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 GROUP	Property, plant and equipment (PPE) TShs'M	Other temporary differences TShs'M	Hedge reserve TShs'M	Total TShs'M
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
At 1 April 2014	51,255	(2,801)	-	48,454
Charged to profit or loss	6,028	(229)	-	5,799
Charged to equity	-	-	(1,075)	(1,075)
At 31 March 2015	57,283	(3,030)	(1,075)	53,178
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
At 1 April 2014	50,350	(5,040)	-	45,310
Charged to profit or loss	6,048	(229)	-	5,819
Charged to equity	-	-	(996)	(996)
At 31 March 2015	56,398	(5,269)	(996)	50,133

All deferred tax assets are expected to be recovered after more than 12 months.

27 DEFINED PENSION BENEFITS

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
At start of year	-	-	-	-
Current service cost	4,200	-	4,200	-
At end of year	4,200	-	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.

Actuarial assumptions:

The significant actuarial assumptions were as follows:

Discount rate	19.75% per annum
Salary escalation rate	6% per annum
Retirement age	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.

Sensitivity analysis

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Increase in defined pension benefit due to 3% decrease in discount rate	1,196	-	1,196	-
Increase in defined pension benefit due to 3% increase in future long-term salary assumption	3,540	-	3,540	-

The sensitivity analysis above have been determined based on reasonable possible changes of the discount rate or salary increase rate occurring at the end of the reporting year if all other 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

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
At start of the year	739	829	739	829
Increase during the year	1,496	-	1,496	-
Provision utilised during the year	-	(90)	-	(90)
At end of the year	2,235	739	2,235	739

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

As at 31 March 2016, 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 2,235 million (2015: TShs 739 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

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Trade payables	75,289	66,013	65,100	27,120
Dividends payable	3,831	3,166	3,719	3,054
VAT payable	12,203	15,608	10,792	11,615
Excise duty payable	19,278	22,002	13,628	14,367
Payable to related parties (Note 35 (v))	16,964	16,785	16,964	42,272
Container liability	8,615	4,666	8,615	4,558
Other payables and accrued expenses	16,959	15,748	7,040	10,244
Capex accruals	-	451	-	451
	153,139	144,439	125,858	113,681

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

30 CURRENT INCOME TAX (ASSETS)/LIABILITIES

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
At start of the year	(6,591)	2,175	(3,659)	6,973
Current income tax charge for the year (Note12)	102,116	86,576	92,870	75,227
Tax paid during the year	(93,295)	(95,342)	(82,906)	(85,859)
At end of the year	2,230	(6,591)	6,305	(3,659)

31 FINANCIAL INSTRUMENTS BY CATEGORY

(a) Group

	2016 TShs'M	2015 TShs'M
At 31 March		
Loans and receivables		
Trade and other receivables		
(excluding advances to suppliers and prepayments)	166,721	146,980
Cash at hand and bank deposits	38,127	35,767
	204,848	182,747

Other financial liabilities at amortised costs

Borrowings	26,189	58,130
Trade and other payable (excluding statutory liabilities)	121,658	106,829
Provision for other liabilities and charges	2,235	739
	150,082	165,698

(b) Company

At 31 March

Loans and receivables		
Trade and other receivables		
(excluding advances to suppliers and prepayments)	202,735	137,185
Cash at hand and bank deposits	14,220	24,267
	216,955	161,452

Other financial liabilities at amortised costs

Borrowings	24,355	39,774
Trade and other payable (excluding statutory liabilities)	101,438	87,699
Provision for other liabilities and charges	2,235	739
	128,028	128,212

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

32 COMMITMENTS

Capital commitments

As at 31 March 2016, the Group and Company had capital expenditure commitments as follows:

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Approved and contracted for but not recorded	3,309	5,949	3,309	5,949
Approved but not contracted for	5,397	1,777	4,523	2,326
	8,706	7,726	7,832	8,275

Guarantees

As at 31 March 2016, the Company had provided financial guarantees totalling TShs 5,005 million (2015: 3,133 million), of which TShs 3.9 billion was provided to NBC Bank for loans granted to Darbrew Ltd, a subsidiary of the Company and the remaining for loans issued by CRDB Bank Plc 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:

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Not later than 1 year	9,688	9,309	7,052	6,972

33 CONTINGENT LIABILITIES

As at 31 March 2016, the Company was a defendant in several lawsuits. While liability in these lawsuits is not admitted, if defence against the actions is unsuccessful, then claims in these lawsuits could amount to TShs 2,235 million (2015: TShs 739 million), an amount of TShs 770 million was provided for as at 31 March 2016. Similarly for the Company's subsidiary, Tanzania Distilleries Limited (TDL), the amount claimed in such lawsuits could amount to TShs 727 million (2015: TShs 409 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 TShs 23 billion. An amount of TShs 1,464 million has been provided for to cover legal fees.

The Company has a total exposure of Tshs 64 billion resulting from tax assessments for the years of income from 2002 to 2012 done by Tanzania Revenue Authority. The exposure results from transfer-pricing adjustments including treatment of profit bonus, management services, royalties and intercompany purchases and capital deductions disputes. Included, is the additional tax assessed as a result of the capital deductions disputes of TShs 5.6 billion and has been provided for in full by management. The additional tax assessed as a result of the various transfer pricing adjustments is TShs 58.7 billion. This has been objected by the Company.

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.

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

34 CASH FLOW INFORMATION

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
<i>(i) Cash generated from operations</i>				
Profit before income tax	327,812	308,931	315,973	280,513
<i>Adjusted for:</i>				
Interest expense (Note 11)	8,854	6,084	7,117	4,768
Interest income (Note 11)	(3,218)	(209)	(13,057)	(6,924)
Dividend income (Note 9)	-	-	(14,302)	(9,176)
Depreciation, container write-down amortisation and breakages	54,910	57,071	51,019	53,724
Increase in provision for liabilities (Note 28)	1,496	-	1,496	-
Increase/(decrease) in provision defined benefits obligation (Note 27)	4,200	-	4,200	-
Foreign exchange (gains)/loss (Note 11)	(3,378)	3,533	(1,894)	2,787
Fair value gain on derivatives (Note 10)	(126)	(293)	(126)	(293)
Loss on disposal of property, plant and equipment (Note 9)	172	103	42	121
	390,722	375,220	350,468	325,520
<i>Changes in working capital</i>				
Inventories	(5,682)	24,887	(1,353)	20,509
Trade and other receivables	(20,449)	(59,280)	(67,127)	(29,750)
Trade and other payables	8,487	24,485	11,994	10,494
Cash generated from operations	373,078	365,312	293,982	326,773
<i>(ii) Interest paid</i>				
Interest payable at 1 April	(453)	(155)	(453)	(155)
Interest expense (Note 11)	(8,854)	(6,084)	(7,117)	(4,768)
Interest payable as at 31 March (Note 25)	-	453	-	453
	(9,307)	(5,786)	(7,570)	(4,470)
<i>(iii) Income tax paid</i>				
Income tax recoverable/(payable) at 1 April	6,591	(2,175)	3,659	(6,973)
Current income tax expense (Note 12)	(102,116)	(86,576)	(92,870)	(75,227)
Income tax (recoverable)/payable as at 31 March (Note 30)	2,230	(6,591)	6,305	(3,659)
	(93,295)	(95,342)	(82,906)	(85,859)

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
<i>(iv) Interest received</i>				
Interest receivable at 1 April	-	103	-	103
Interest income (Note 11)	3,218	209	13,057	6,924
Interest receivable as at 31 March	-	-	-	-
	3,218	312	13,057	7,027
<i>(v) Purchase of property, plant and equipment</i>				
Capex accrual at 1 April (Note 29)	(451)	-	(451)	-
Additions during the year (Note 15)	(58,931)	(85,382)	(50,828)	(78,675)
Capex accrual at 31 March (Note 29)	-	451	-	451
Cash utilised in purchase of property, plant and equipment	(59,382)	(84,931)	(51,279)	(78,224)
<i>(vi) Dividends paid</i>				
<i>By the Company</i>				
Dividends payable at 1 April	(3,166)	(2,470)	(3,054)	(2,470)
Dividend expense (Note 14)	(176,957)	(147,464)	(176,957)	(147,464)
Dividends payable at 31 March (Note 29)	3,831	3,166	3,719	3,054
	(176,292)	(146,768)	(176,292)	(146,880)
<i>By subsidiaries</i>				
Non-controlling interest's share of dividends paid (Note 14)	(7,701)	(4,941)	-	-
	(183,993)	(151,709)	(176,292)	(146,880)

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

(vii) Repayment of bank borrowings

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

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
At start of year	(2,250)	(4,875)	-	(1,875)
Additions (Note 25 (ii))	-	-	-	-
At end of year	1,500	2,250	-	-
Cash utilised in repayment of bank borrowings	(750)	(2,625)	-	(1,875)

35 RELATED PARTY TRANSACTIONS AND BALANCES

i) Sale of goods and services

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Sale of goods				
Fellow subsidiaries	8,500	4,374	4,842	4,374

The Company exports beer and containers to Nile Breweries Limited, Crown Beverages Limited and Zambia Breweries Limited, all subsidiaries of SABMiller Plc.

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Sale of services				
Subsidiary (Note 9)	-	-	4,084	3,499

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

ii) Purchase of goods and services

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Purchase of goods				
Fellow subsidiaries	63,684	58,332	62,164	56,176
	63,684	58,332	62,164	56,176

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

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

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Purchase of services				
Subsidiary	-	-	226	226
Fellow subsidiaries	51,270	51,581	49,855	51,581
	51,270	51,581	50,081	51,807

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 SABMiller Plc, 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

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Interest income on intercompany accounts				
Fellow subsidiary	2,515	209	2,645	209
Subsidiary	-	-	9,823	6,715
	2,515	209	12,468	6,924
Interest expense on intercompany accounts				
Parent	(612)	(110)	(612)	(110)

The Company is charged interest by its parent Company SABMiller plc for current accounts balances held.

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

iv) Dividend income:

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Dividend income (Note 9)	-	-	14,302	9,176

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

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Receivable from related parties (Note 20)				
Subsidiary	-	-	92,815	68,880
Fellow subsidiaries	10,346	6,576	10,346	6,576
	10,346	6,576	103,161	75,456

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Payable to related parties (Note 29)				
Subsidiary	-	-	-	25,929
Fellow subsidiaries	16,964	16,785	16,964	16,343
	16,964	16,785	16,964	42,272

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 (2015: 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.

	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
a) Key management compensation				
Salaries	6,412	5,307	5,294	4,189
Defined contribution plan	641	531	529	419
	7,053	5,838	5,823	4,608

No terminal or other long term benefits were paid to key management personnel during the year (2015: Nil).

b) Transactions with key management personnel

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

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

Notes to the Financial Statements

For the year ended 31 March 2016

c) Balances with key management personnel

As at 31 March 2016, total outstanding loan amount with key management personnel was nil (2015: TShs 37.8 million). No loans were made to Directors.

The loan advances to key management personnel is repayable over 5 years and carry an interest rate of 12% per annum calculated on reducing balance. No provision was required in 2016 (2015: nil) for the loans made to key management personnel.

d) Directors' emoluments	Group		Company	
	2016 TShs'M	2015 TShs'M	2016 TShs'M	2015 TShs'M
Non-executive Chairman	34	49	23	40
Non-executive Directors	68	79	58	73
Executive Director (included in key management compensation above)	438	296	438	296
	540	424	519	409

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 (2015: 92,403) ordinary shares of the Company as 31 March 2016.

During the year, there were no commitments, provision of guarantees and collateral with related parties. (2015: Nil)

36 ULTIMATE PARENT COMPANY

SABMiller Africa BV (incorporated in the Netherlands) owns 57.54% (2015: 57.54%) of the Company's issued shares. The ultimate parent Company is SABMiller plc, incorporated in the United Kingdom.

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 69.

Administration and notice of meeting

1	10 Year Review
2	Cash value added statement
3	Chairman's statement
4	Taarifa ya Mwenyekiti
5	Managing Director's report
6	Ripoti ya Mkurugenzi mtendaji
7	Vision & Company Values
8	Directors' report
9	Report of the independent auditor
10	Financial Statements
11	Notes to the Financial Statements
12	Administration and notice of meeting

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 43rd Annual General Meeting of the Shareholders of Tanzania Breweries Limited will be held at Julius Nyerere Convention Centre Hotel in Dar es Salaam on 27 th October, 2016 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 42nd Annual General Meeting held on 8 th October, 2015.

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 31 st March, 2016.

5. To ratify dividend paid for the year ended 31 st March, 2016

6. Proposed amendment of articles 86 of the Memorandum and Articles

To permit the Government to appoint two members to the Board irrespective of number of shareholding or to allow the Board to appoint up to two independent Board Members of its own choosing subject to approval by Members at the AGM

7. Appointment of Statutory Auditors

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

8. 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

Note:

- Any other business needs to be brought to the attention of the Secretary by the 13 th October, 2016.
- Shareholders shall meet all the costs for attending the meeting.

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 Salam, 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: October

Results:

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

Dividends:

1 st Interim:
declaration – March, 2015
Payment – April, 2015

Final Dividend:
declaration – 10 th December, 2015
payment – 30 th December, 2015



