



TCCIA Investment Public Limited Company
(Registration number 38280)
Financial statements
for the year ended 31 December 2018

TCCIA Investment Public Limited Company

(Registration number 38280)

Financial Statements for the year ended December 31, 2018

General Information

Country of incorporation and domicile	United Republic of Tanzania
Nature of business and principal activities	Investment in stocks, shares and bonds
Directors	Mr. Fortunatus M. Magambo Prof. Lucian A. Msambichaka Mr. Peter William Kifunguomali Mr. Joseph Matanga Kahungwa Ms. Magdalene N.E. Mkocha Mr. Nathan E. Mnyawami Mr. Octavian Mshiu
Registered office	Second Floor The Copy Cat Building, Victoria area Kinondoni, Dar es Salaam
Postal address	Second Floor The Copy Cat Building P.O. Box 72678 Dar es Salaam
Bankers	CRDB Bank Plc P.O. Box 2302 Dar es Salaam
Auditors	Crowe Tanzania Certified Public Accountants in Public Practice Dar Es Salaam
Secretary	Donald Jimogi Kamori
Company registration number	38280
Tax reference number	103-410-444

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Chairman's Report

1. Introduction

On behalf of the board of directors and on my own behalf, I am pleased to present the company's operating results for the financial year ended 31 December 2018. From the operating angle, the company experienced a few operational challenges including high operating costs as well as increased exposure to risk factors within the equity market such as low turnover, declining share prices and less than satisfactory performance for some listed companies where the company holds stake. In spite of this, the company still managed to perform well. Lastly, I wish to draw our shareholders attention that the Company listed its shares on the DSE on 16th March, 2018 and began trading on the same day.

2 Performance

During the year under review, the Company's profit before tax decreased by 44% to TZS 195.78 million compared to 2017 due to lower dividend income and increased costs. However, after tax profit increased by 49% to TZS 366.57 million as a result of recognizing tax credits relating to income from dividends. During the reporting period the Company diversified about 20% (TZS 4.3 billion) of its equity portfolio into Government Bonds which boosted interest income significantly to absorb the declining dividend income.

During the year under review, the portfolio of the company's equity investments suffered total depreciation in value by TZS 2,030 million, this is after taking into account the disposal of 110,000 TBL shares during the period. In 2017, equity investments appreciated by TZS 2,726 million. This was due to share price depreciation which affected most of the DSE listed companies where the company holds stake.

Steps are being taken to optimize the company's return on equity. This will be achieved by minimizing operating costs without stifling operations and prudent investment of our financial resources including diversification of revenue sources so that the company may gradually shift away from being heavily dependent on equity investment returns as a major source of income and capital growth.

3. Dividends

The company's policy on dividends is to distribute 50% of the net profit after tax to its shareholders after receiving approval at the Annual General Meeting. The balance of the earnings is reinvested in order to augment the company's capital and support its growth and investment plans.

With regard to declaration and payment of dividends for the year ended 31 December 2018, the board of directors has recommended a total gross dividend of TZS 2.54 per share (2017: TZS 2.54 per share). The proposed dividend payment is subject to shareholders' approval which will be obtained during the 14th Annual General Meeting.

4 Future prospects

The company will focus on diversifying its portfolio in equities to hedge against risks aforementioned by investing in other ventures notably government bonds, real estate, import and export trading, insurance services and other products within the financial services.

The return on these avenues is expected to be more attractive and predictable than in the case of dividends from equities. As of recent capital gain in the form of marked share appreciation is no longer feasible due to prevailing investment climate.

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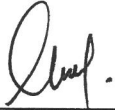
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Chairman's Report

5. Appreciation

Finally, on behalf of the Board of Directors, I would like to take this opportunity to thank all stakeholders for their support during the year. Furthermore, I would like to thank the management for the work well done as well as their dedication in serving the company. Finally, I would like to assure our Shareholders that the Board has all the confidence that our company will continue to deliver value going forward.



Mr. Fortunatus M. Magambo
Chairman of the Board

Date: 30 April 2019

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Directors' Report

The directors have pleasure in submitting their report on the financial statements of TCCIA Investment Public Limited Company for the year ended December 31, 2018. The report highlights the company's state of affairs for the year ended 31 December 2018.

1. Incorporation

The company is incorporated under the Companies Act 2002 as a public limited liability company and was established by the Tanzania Chamber of Commerce Industry and Agriculture (TCCIA) on the 9th November 1999. Due to various hurdles, the company did not commence business immediately following its incorporation. It commenced operations in October 2005. In compliance with the Companies Act 2002, on 16 May 2016 the company changed its name from TCCIA Investment Company Limited to TCCIA Investment Public Limited Company.

2. Nature of business

The principal activity of the company is that of investing in stocks, shares and bonds.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2002. The accounting policies have been applied consistently compared to the prior year.

During the year under review the Company's total Income declined by 7.4% to TZS 1,321 million compared to 2017. The decline in income was due to lower dividend income which is attributed to a slower performance by investee companies. However, interest income increased by 102% to TZS 425.69 million. The increase in interest income is a result of the Board's decision to diversify the Company's investment portfolio by disposing off part the shares held by the Company and deploying the proceeds into Government Bonds during 2018. On the other hand, operating costs increased by 4.72% to TZS 1,125 million due to increase of Company's day to day activities.

Furthermore, during the year under review, the company's portfolio in equities declined by TZS 2,030 million compared to a gain of TZS 2,726 million in 2017. This was due to share price depreciation which affected most of the DSE listed companies where the company holds stake.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

4. Vision

The company's vision is to be a model catalyst for empowering its shareholders and to own and manage businesses. This is achieved through mobilization of financial resources for collective investment in viable economic activities.

5. Mission

The company's mission is to serve as a vehicle for collective ownership of business enterprises by its shareholders. The company provides quality and customer friendly services to individuals, corporate and non-corporate organizations by trained, motivated as well as committed personnel in order to meet members', clients' and stakeholders' needs and expectations.

6. Core values

The company provides services anchored on team work, efficiency, commitment, integrity, and accountability to its shareholders, stakeholders and the general public.

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Financial Statements for the year ended December 31, 2018

Directors' Report

7. Corporate goals and objectives

The company's major corporate goals and objectives are:

- to consolidate and diversify its investment portfolio;
- to achieve a steady growth in terms of profitability;
- to increase its capital base and maximize shareholders' value through prudent investment decisions.

8. Core activities of the company

The core activities of the company are investment management, focusing on investment in equities of listed companies including corporate bonds issued by companies which have a proven profitability track record and government securities and investment in warehousing facilities located in strategic areas. In addition, the company encourages the development of a savings culture among its shareholders by means of investing in equities of strong performing companies.

9. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

10. Events after the reporting period

The directors are not aware of any matters or circumstance arising since the end of the financial year which may have a material impact on these financial statements.

11. Share capital

			2018	2017
Authorised			Number of shares (stated in 000's)	
Ordinary shares - 5,000,000,000 ordinary shares of TZS 20/- each			5,000,000	5,000,000
Issued			Number of shares	
	2018	2017	2018	2017
	TZS '000	TZS '000		
Ordinary shares	1,459,153	1,421,848	72,957,660	71,092,400
Share premium	708,799	-	-	-
	<u>2,167,952</u>	<u>1,421,848</u>	<u>72,957,660</u>	<u>71,092,400</u>

During the year, the issued share capital of the company was increased by TZS 37 million beyond the original share capital of TZS 1,421.85 million by issuing 1,865,260 shares of TZS 20/- each at TZS 400/- each. The company also recognised share premium on the issue of TZS 709 million.

Refer to note 10 of the financial statements for details of the movement in issued share capital during the year.

12. Shareholders of the company

The total number of shareholders during the year are 3,426 shareholders.

Shareholders of the company during the year are listed below:

	Number of shares	Percentage
The Local Authorities Pension Fund	28,100,300	38.52
Mkombozi Fishing & Maring Transport Ltd	4,215,000	5.78

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Abbasi Exports Ltd	1,686,000	2.31
Christopher Mwitwa Gachuma	1,405,000	1.93
Fayaz Feroz Rashid	1,236,400	1.69
Nimrod Elireheemah Mkono	1,123,975	1.54
Other shareholders (holding less than 1.5%)	35,190,985	48.23
	<u>72,957,660</u>	<u>100.00</u>

13. Dividends

The company's dividend policy is to declare and pay dividends at the rate of 50% of the net profit after tax. However, the board is recommending a payment of TZS 2.54 per share amounting to TZS 185 million for the year ended 2018.

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Directors' Report

14. Directors

The directors in office during the year and at the date of this report are as follows:

Directors	Position	Nationality	Changes
Mr. Fortunatus M. Magambo	Chairperson	Non-executive Tanzanian	Appointed Friday, November 30, 2018
Prof. Lucian A. Msambichaka	Director	Non-executive Tanzanian	Appointed Friday, November 30, 2018
Mr. Peter William Kifunguomali	Director	Non-executive Tanzanian	Appointed Friday, November 30, 2018
Mr. Joseph Matanga Kahungwa	Director	Non-executive Tanzanian	Appointed Friday, November 30, 2018
Ms. Magdalene N.E. Mkocha	Director	Non-executive Tanzanian	Appointed Friday, November 30, 2018
Mr. Nathan E. Mnyawami	Director	Non-executive Tanzanian	Appointed Friday, November 30, 2018
Mr. Octavian Mshiu	Director	Non-executive Tanzanian	Appointed Friday, November 30, 2018
Eng. Aloys J. Mwamanga	Chairperson	Non-executive Tanzanian	Retired 30 November 2018
Mr. Arphaxad G. A. Masambu	Director	Non-executive Tanzanian	Retired 30 November 2018
Dr. Gideon H. Kaunda	Director	Non-executive Tanzanian	Retired 30 November 2018
Mr. Ndibalema J. Mayanja	Director	Non-executive Tanzanian	Retired 30 November 2018
Mr. Nathaniel R. Mbwambo	Director	Non-executive Tanzanian	Retired 30 November 2018
Mr. Julius M. Kaijage	Director	Non-executive Tanzanian	Retired 30 November 2018

Mr. Ndibalema John Mayanja, who was representing TCCIA and its affiliates in his capacity as President of TCCIA died in June, 2018 and his seat on the board was not immediately replaced until 30 November 2018 when it was filled by Mr. Octavian E. Mshiu.

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Directors' Report

15. Directors' interests in company shares

The directors holding shares are as follows:

Interests in shares

Directors	Number of shares held
Prof. Lucian A. Msambichaka	487,580
Mr. Peter William Kifunguomali / Mr. Fortunatus M. Magambo	28,100,300
Mr. Joseph Matanga Kahungwa	40,600
Ms. Magdalene N.E. Mkocha	102,363
Mr. Nathan E. Mnyawami	19,675
Eng. Aloys J. Mwamanga	231,975
Mr. Arphaxad G. A. Masambu	74,625
Dr. Gideon H. Kaunda	112,400
Mr. Ndibalema J. Mayanja	830,498
Mr. Nathaniel R. Mbwambo	303,462
Mr. Julius M. Kaijage	18,113
	<hr/> 30,321,591 <hr/>

Mr. Ndibalema John Mayanja served the board during 2018 in his capacity as TCCIA President and represented TCCIA Headquarters and Regional Offices who hold a total of 830,213 shares. However, following his sudden death in June 2018, his position on the board remained vacant till 30 November 2018 when it was filled by Mr. Octavian E. Mshiu.

Mr. Peter William Kifunguomali / Mr. Fortunatus M. Magambo represents LAPF Pension Fund which holds a total of 28,100,300 shares.

16. Secretary

The company secretary is Mr Donald Jimogi Kamori.

Postal address: P. O. Box 72678, Dar Es Salaam

17. Main activities performed by the board

Apart from performing the normal activities of supervising the company's operations, the board also dealt with the following major issues:

- Successfully finalizing arrangements for listing the company's shares on the Dar es Salaam Stock Exchange, which culminated in getting the shares listed on 16 March 2018.
- Preparation of the company's Board Charter.
- Reviewing the company's quarterly internal audit and performance reports.
- Reviewing various ways for reduction of operating costs, including downsizing the board, relocation of office premises from the central business district to the suburbs where the rent is much lower.
- Preparation and approval of the Annual Plan and Budget for 2019.
- Conducting detailed feasibility studies and reviewing details around the Mtwara warehousing facility venture and prospecting on new business ventures.

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Directors' Report

18. Future development activities

As members are aware the company floated its shares at the beginning of 2017. The IPO ran from 1 February 2017 to 14 March 2017. The target was to raise a total of TZS 45 billion. The objective of floating the shares was to augment the company's paid up capital and therefore be able to expand its investment portfolio. However, due to the prevailing adverse economic situation, in particular the investment climate pertaining to shares, the results were not satisfactory. The company managed to raise TZS 746,104,600 only.

Following the closure of the company's IPO, the board reviewed extensively the situation in consultation with the its lead advisors as regards to the listing of the company's shares on the Dar es Salaam Stock Exchange taking into account the prevailing investment climate. Towards the end of 2017, the directors revisited the issue and decided to apply for listing of the company's shares during the first quarter of 2018. This was achieved on 16 March 2018.

At the start of 2018, the directors decided to gradually diversify the company's investment portfolio by investing in other products that have hitherto not been covered. Since the company commenced operations in October 2005, more than 95% of the investment portfolio was in the form of equities of listed companies. The board decided to target investment in fixed income financial instruments such as government securities, corporate bonds and interest earning fixed bank deposits. The directors believe that investment in these income earning financial instruments offers good trade off especially when the equity market is less attractive as is the case now and the return on these investments is readily predictable. The board has therefore decided to continue on this path, especially after considering the fact that the return is attractive and predictable than in the case of dividend income.

As reported during the last Annual General Meeting, in July 2018 the board managed to secure the title deed for the land allocated to the company. The board has also conducted a feasibility study for construction of warehouse facilities. During 2019, the board will continue monitoring developments in the investment climate in Mtwara. As and when the situation improves, the board will embark on implementation of the project. Further efforts will be made to secure land in other areas for the purpose of constructing warehouses. The board is currently targeting Dodoma City Council and Tanga Municipal Council.

Lastly, the board is also exploring other business opportunities including import and export businesses, insurance agency services and other financial products such as Bureau de Change shops and e-money solutions. However, before involvement in these investment activities the board will conduct detailed feasibility studies for each activity in order to determine whether the activity is profitable and the company has the necessary expertise and resources for that undertaking.

19. Corporate governance

The company's Articles of Association provides for a minimum of seven (7) and a maximum of twelve (12) directors. During 2018, the board was composed of eleven (11) directors. None of the directors hold executive position in the company. The board assumes overall responsibility for the company. This includes, among other things, identification of risks which may negatively impact on the company's operations, considering and monitoring major investment decisions. The board is also responsible for ensuring that comprehensive and effective internal control policies and procedures in place are effectively applied in compliance with acceptable corporate good governance principles.

During the year under review the board met ten times, of which six were ordinary meetings and four extra ordinary/special meetings held for the purpose of attending special activities which required the board's attention. The board has delegated the day to day management of the company's operations to the Chief Executive Officer who is supported by the management team. Management is invited to attend board meetings and facilitates the effective control of the company's activities. The extra ordinary general meetings included discussion and approval of the annual plan and budget, annual audited accounts, and listing of the company's shares on the Dar es Salaam Stock Exchange which took place on 16 March 2018.

Board of directors in attendance at meetings held during the year include:

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Directors' Report

Name	Position	Total meetings held	Number of meetings attended
Eng. Aloys J. Mwamanga	Chairman	10	3
Mr. Peter W. Kifunguomali	Director	10	8
Prof. Lucian A. Msambichaka	Director	10	10
Mr. Joseph M. Kahungwa	Director	10	10
Ms. Magdalene N. E. Mkocho	Director	10	10
Mr. Julius M. Kajjage	Director	10	9
Mr. Nathan E. Mnyawami	Director	10	8
Mr. Arphaxad G. A. Masambu	Director	10	8
Dr. Gideon H. Kaunda	Director	10	9
Mr. Ndibalema J. Mayanja	Director	10	1
Mr. Nathaniel R. Mbwambo	Director	10	8
		110	84

The board is aware and committed to the principles of effective corporate governance. During the year under review the board utilized two board committees so as to enable the board to meet high standards of good corporate governance and also take timely decisions in respect of company matters. The two committees were:

- The Investment Committee - which is composed of four members.
- The Audit and Risk Management Committee - which is composed of three members.

The members of the Investment Committee were:

Prof. Lucian A. Msambichaka	Chairman
Mr. Arphaxad G. A Masambu	Member
Mr. Nathan E. Mnyawami	Member
Dr. Gideon H. Kaunda	Member

The Investment Committee held six meetings during the year to discuss the quarterly performance reports, plus the feasibility report on the Mtwara warehouse project and the draft annual plan and budget before presentation of the reports to the board for discussion and decision.

The members of the Audit and Risk Management Committee were:

Mr. Joseph M. Kahungwa	Chairman
Mr. Peter W. Kifunguomali	Member
Ms. Magdalene N. E. Mkocho	Member

The Committee met six times during the year to discuss and adopt the quarterly internal audit reports and recommendations which were prepared by the internal auditor and also the draft annual accounts.

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Directors' Report

20. 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 ongoing 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 of 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 December 2018 and is of the opinion that they met accepted criteria.

21. Employees' welfare

The relation between employees and management continued to be cordial during the year. There were no unresolved complaints received by management from the employees during the year.

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, tribes, religion and disability which does not impair ability to discharge duties.

The average number of employees during the year was 5 (2017: 5).

22. Political and charitable donations

The company did not make any political or charitable donations during the year.

23. Related party transactions

All related party transactions and balances are disclosed in note 22 to these financial statements.

24. Auditors

The auditors, Crowe Tanzania, have expressed their willingness to continue in office and are eligible for reappointment. A resolution proposing the re-appointment as auditors of the company will be put to the Annual General Meeting.


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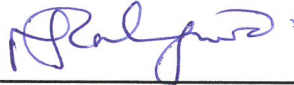
Directors' Report

The financial statements set out on pages 19 to 45, which have been prepared on the going concern basis, were approved by the board of directors on the date of this report, and were signed on its behalf by:



Mr. Fortunatus M. Magambo
Chairman

Date: 30 April 2019



Mr. Joseph M. Kahungwa
Director

Date: 30 April 2019

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 2002 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to December 31, 2019 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

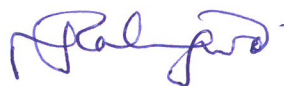
The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 16 to 15.

The financial statements set out on pages 19 to 45, which have been prepared on the going concern basis, were approved by the board of directors on the date of this statement and were signed on its behalf by:



Mr. Fortunatus M. Magambo
Chairman

Date: 30 April 2019



Mr. Joseph M. Kahungwa
Director

Date: 30 April 2019

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Declaration of the Head of Finance/Accounting

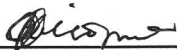
Declaration of the Head of Finance/Accounting of TCCIA Investment Public Limited Company

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

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as stated under the Directors' Responsibilities Statement on an earlier page.

I, Joel Chikoma, being the Head of Finance/Accounting of TCCIA Investment Public Limited Company hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2018 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of TCCIA Investment Public Limited Company as on that date and that they have been prepared based on properly maintained financial records.



Signed by: Joel Chikoma
Position: Head of Finance and Investment
NBAA Membership No.: ACPA 3285

Date: 30 April 2019

Report of the Independent Auditors

To the shareholders of TCCIA Investment Public Limited Company

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of TCCIA Investment Public Limited Company set out on pages 19 to 45, which comprise the Statement of Financial Position as at December 31, 2018, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of TCCIA Investment Public Limited Company as at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2002.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in United Republic of Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in United Republic of Tanzania. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Audit Committee's Report as required by the Companies Act 2002 of United Republic of Tanzania, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditors' report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report of the Independent Auditors

To the shareholders of TCCIA Investment Public Limited Company

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2002, and for such internal control as the directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report of the Independent Auditors


To the shareholders of TCCIA Investment Public Limited Company

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 2002 and for no other purposes.

As required by the Companies Act 2002 we report to you, based on our audit, that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;
- the company's statement of financial position and the statement of profit or loss and other comprehensive income are in agreement with the books of account;
- the directors' report is consistent with the financial statements; and
- information specified by law regarding directors' remuneration and transactions with the company is disclosed.



CPA Christopher Msuya
For and on behalf of Crowe Tanzania
Certified Public Accountants in Public Practice
Dar es Salaam

30 April 2019

TCCIA Investment Public Limited Company


(Registration number 38280)

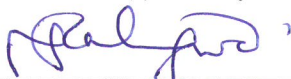
Financial Statements for the year ended December 31, 2018

Statement of Financial Position as at December 31, 2018

	Note(s)	2018 TZS '000	2017 TZS '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	31,803	30,865
Investment in equity	4	22,988,002	26,493,994
Deferred tax	6	170,792	-
Other investments	7	4,552,140	2,604,975
		<u>27,742,737</u>	<u>29,129,834</u>
Current Assets			
Trade and other receivables	8	17,740	706,481
Current tax receivable		331,319	260,784
Cash and cash equivalents	9	650,849	282,185
		<u>999,908</u>	<u>1,249,450</u>
Total Assets		<u>28,742,645</u>	<u>30,379,284</u>
Equity and Liabilities			
Equity			
Share capital	10	2,167,952	1,421,848
Equity fair value reserve		696,300	2,726,439
Retained income		24,943,524	26,076,048
IPO costs		(629,662)	-
Gain/ (Loss) on sale of equity investment		1,101,003	(172,547)
Share transaction cost		(18,609)	-
		<u>28,260,508</u>	<u>30,051,788</u>
Liabilities			
Current Liabilities			
Trade and other payables	13	20,364	31,769
Dividend payable	14	461,773	295,727
		<u>482,137</u>	<u>327,496</u>
Total Liabilities		<u>482,137</u>	<u>327,496</u>
Total Equity and Liabilities		<u>28,742,645</u>	<u>30,379,284</u>

The financial statements and the notes on pages 19 to 45, were approved by the board of directors on the date of this statement and were signed on its behalf by:


Mr. Fortunatus M. Magambo
Chairman


Mr. Joseph M. Kahungwa
Director

Date: 30 April 2019

Date: 30 April 2019

The accounting policies on pages 23 to 33 and the notes on pages 34 to 45 form an integral part of the financial statements.

TCCIA Investment Public Limited Company

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Financial Statements for the year ended December 31, 2018

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2018 TZS '000	2017 TZS '000
Income	15	1,320,990	1,426,724
Other operating expenses	16	(1,125,208)	(1,074,484)
Operating profit		195,782	352,240
Profit before taxation		195,782	352,240
Taxation	17	170,792	(105,672)
Profit for the year		366,574	246,568
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Gain/ (Loss) on sale of equity investments		(39,850)	(172,547)
Fair value adjustments to equity investments		(2,030,139)	2,726,439
Total items that may be reclassified to profit or loss		(2,069,989)	2,553,892
Other comprehensive income for the year net of taxation		(2,069,989)	2,553,892
Total comprehensive (loss) income for the year		(1,703,415)	2,800,460
		TZS	TZS
Basic earnings per share	11	5.02	3.47

The accounting policies on pages 23 to 33 and the notes on pages 34 to 45 form an integral part of the financial statements.

TCCIA Investment Public Limited Company

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Financial Statements for the year ended December 31, 2018

Statement of Changes in Equity

	Share capital TZS '000	Share premium TZS '000	Total share capital TZS '000	Gain/(Loss) on sale of equity investment TZS '000	Equity fair value reserve TZS '000	IPO Costs TZS '000	Retained income TZS '000	Share transaction costs TZS '000	Total equity TZS '000
Balance at January 1, 2017	1,421,848	-	1,421,848	-	-	-	26,014,407	-	27,436,255
Profit for the year	-	-	-	-	-	-	246,568	-	246,568
Other comprehensive income	-	-	-	(172,547)	2,726,439	-	-	-	2,553,892
Total comprehensive income for the year	-	-	-	(172,547)	2,726,439	-	246,568	-	2,800,460
Dividends	-	-	-	-	-	-	(184,927)	-	(184,927)
Total changes	-	-	-	-	-	-	(184,927)	-	(184,927)
Balance at January 1, 2018	1,421,848	-	1,421,848	(172,547)	2,726,439	-	26,076,048	-	30,051,788
Profit for the year	-	-	-	-	-	-	366,574	-	366,574
Other comprehensive income	-	-	-	(39,850)	(2,030,139)	-	-	-	(2,069,989)
Total comprehensive income for the year	-	-	-	(39,850)	(2,030,139)	-	366,574	-	(1,703,415)
Issue of ordinary shares	37,305	-	37,305	-	-	-	-	-	37,305
Share premium	-	708,799	708,799	-	-	-	-	-	708,799
Transfer between reserves	-	-	-	1,313,400	-	-	(1,313,400)	-	-
Incremental IPO Costs	-	-	-	-	-	(629,662)	-	-	(629,662)
Share transaction costs	-	-	-	-	-	-	-	(18,609)	(18,609)
Dividends	-	-	-	-	-	-	(185,698)	-	(185,698)
Total changes	37,305	708,799	746,104	1,313,400	-	(629,662)	(1,499,098)	(18,609)	(87,865)
Balance at December 31, 2018	1,459,153	708,799	2,167,952	1,101,003	696,300	(629,662)	24,943,524	(18,609)	28,260,508
Note(s)	10	10	10						

The accounting policies on pages 23 to 33 and the notes on pages 34 to 45 form an integral part of the financial statements.

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Financial Statements for the year ended December 31, 2018

Statement of Cash Flows

	Note(s)	2018 TZS '000	2017 TZS '000
Cash flows from operating activities			
Cash generated from operations	18	879,430	(222,883)
Tax receivable	19	(70,535)	(123,836)
Net cash from operating activities		808,895	(346,719)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(7,249)	(14,065)
Sale of equity investments		1,486,000	3,106,177
Purchase of other investments		(1,975,536)	(2,476,736)
Purchase of equity investments		(49,998)	-
Redemption of bonds		28,370	28,370
Net cash from investing activities		(518,413)	643,746
Cash flows from financing activities			
Proceeds on share issue	10	746,104	-
Dividends paid	20	(19,652)	(177,028)
Incremental IPO costs		(629,662)	-
Equity transaction cost		(18,608)	-
Net cash from financing activities		78,182	(177,028)
Total cash movement for the year		368,664	119,999
Cash at the beginning of the year		282,185	162,186
Total cash at end of the year	9	650,849	282,185

The accounting policies on pages 23 to 33 and the notes on pages 34 to 45 form an integral part of the financial statements.

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Financial Statements for the year ended December 31, 2018

Accounting Policies

Corporate information

TCCIA Investment Public Limited Company is a public limited company incorporated and domiciled in the United Republic of Tanzania.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act 2002.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Tanzanian Shillings (TZS) rounded to the nearest thousand, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Investment entity

A parent shall determine whether it is an investment entity. An investment entity is an entity that:

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

An investment entity shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9.1

Notwithstanding these requirements, if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing services that relate to the investment entity's investment activities, it shall consolidate that subsidiary in accordance with paragraphs 19–26 of IFRS 10 and apply the requirements of IFRS 3 to the acquisition of any such subsidiary.

A parent of an investment entity shall consolidate all entities that it controls, including those controlled through an investment entity subsidiary, unless the parent itself is an investment entity.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

TCCIA Investment Public Limited Company

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Financial Statements for the year ended December 31, 2018

Accounting Policies

1.3 Property, plant and equipment (continued)

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Major spare parts and stand by equipment which are expected to be used for more than one year are included in property, plant and equipment.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset, net of deferred tax.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Percentage
Furniture and fittings	Diminishing balance	12.5%
Office equipment	Diminishing balance	12.5%
IT equipment	Diminishing balance	37.5%
Printers	Diminishing balance	12.5%

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Financial Statements for the year ended December 31, 2018

Accounting Policies

1.3 Property, plant and equipment (continued)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - held for trading
- Financial assets at fair value through profit or loss - designated
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through profit or loss - held for trading
- Financial liabilities at fair value through profit or loss - designated
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Financial assets classified as at fair value through profit or loss which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:

- in rare circumstances
- if the asset met the definition of loans and receivables and the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

No other reclassifications may be made into or out of the fair value through profit or loss category.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

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Financial Statements for the year ended December 31, 2018

Accounting Policies

1.4 Financial instruments (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the company's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

TCCIA Investment Public Limited Company

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Financial Statements for the year ended December 31, 2018

Accounting Policies

1.4 Financial instruments (continued)

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

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Financial Statements for the year ended December 31, 2018

Accounting Policies

1.4 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Trade and other payables

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

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term (12 months) highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss - held for trading.

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Financial Statements for the year ended December 31, 2018

Accounting Policies

1.4 Financial instruments (continued)

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the company has the positive intention and ability to hold to maturity are classified as held to maturity.

1.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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Financial Statements for the year ended December 31, 2018

Accounting Policies

1.5 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.7 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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Accounting Policies

1.7 Impairment of assets (continued)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.10 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

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Accounting Policies

1.10 Provisions and contingencies (continued)

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.11 Revenue / Income

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by surveys of work performed.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
 - to the extent that it is probable that they will result in revenue; and
 - they are capable of being reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

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Accounting Policies

1.11 Revenue / Income (continued)

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Tanzanian Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Tanzanian Shillings by applying to the foreign currency amount the exchange rate between the Tanzanian Shilling and the foreign currency at the date of the cash flow.

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2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company has adopted the amendment for the first time in the 2018 financial statements.

The impact of the amendment is not material.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.

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2. New Standards and Interpretations (continued)

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after January 1, 2018.

The company has adopted the standard for the first time in the 2018 financial statements.

The impact of the standard is not material.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after January 1, 2018.

The company has adopted the standard for the first time in the 2018 financial statements.

The impact of the standard is not material.

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Notes to the Financial Statements

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2019 or later periods:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.

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Notes to the Financial Statements

2. New Standards and Interpretations (continued)

- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after January 1, 2019.

The company expect to adopt the standard for the first time in the 2019 financial statements.

It is unlikely that the standard will have a material impact on the company's financial statements.

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Notes to the Financial Statements

	2018 TZS '000	2017 TZS '000
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3. Property, plant and equipment

Summary of property, plant and equipment

	2018			2017		
	Cost or revaluation	Accumulate d depreciati on	Carrying value	Cost or revaluation	Accumulate d depreciati on	Carrying value
Furniture and fittings	20,650	(8,029)	12,621	16,950	(6,226)	10,724
Office equipment	22,421	(8,540)	13,881	20,621	(6,557)	14,064
IT equipment	17,965	(14,095)	3,870	16,215	(11,772)	4,443
Printers	3,315	(1,884)	1,431	3,315	(1,681)	1,634
Total	64,351	(32,548)	31,803	57,101	(26,236)	30,865

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Furniture and fittings	10,724	3,700	(1,803)	12,621
Office equipment	14,064	1,800	(1,983)	13,881
IT equipment	4,443	1,749	(2,322)	3,870
Printers	1,635	-	(204)	1,431
	30,866	7,249	(6,312)	31,803

4. Investment in equity

At fair value through other comprehensive income

Listed shares	22,988,002	26,493,994
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Non-current assets

Designated as at FV through other comprehensive income	22,988,002	26,493,994
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Fair value information

The financial assets at fair value through other comprehensive income are measured at fair value using the quoted market prices as at the end of the financial year obtained from the DSE report.

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Notes to the Financial Statements

	2018 TZS '000	2017 TZS '000					
4. Investment in equity (continued)							
Reconciliation of financial assets at fair value through other comprehensive income							
	Opening balance	Equity fair value adjustments in other compre- hensive income	Purchases	Disposal	Discount	Gain/(loss) on sale of equity investments	Total
Tanzania Breweries Limited	12,745,992	(880,471)		- (1,486,000)	-	(54,000)	10,325,521
Tanzania Cigaratte Company Limited	5,070,240	60,360		-	-	-	5,130,600
Swissport Tanzania Ltd	354,995	(85,199)		-	-	-	269,796
Tanzania Portland Cement Company Limited	128,988	53,009		-	-	-	181,997
Tanga Cement Company Limited	81,923	(38,231)		-	-	-	43,692
National Microfinance Bank Plc	7,182,687	(1,070,873)		-	-	-	6,111,814
CRDB Bank Plc	679,850	(42,491)		-	-	-	637,359
Dar es Salaam Community Bank Limited	249,319	(26,244)	49,998	-	14,150	-	287,223
	26,493,994	(2,030,140)	49,998	(1,486,000)	14,150	(54,000)	22,988,002

5. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2018

	Financial assets	Total
Other investments (see note 7)	4,552,140	4,552,140
Investment in equity	22,988,002	22,988,002
Trade and other receivables	17,740	17,740
Cash and cash equivalents	650,849	650,849
	28,208,731	28,208,731

2017

	Financial assets	Total
Other investments (see note 7)	2,604,975	2,604,975
Investment in equity	26,493,994	26,493,994
Trade and other receivables	706,481	706,481
Cash and cash equivalents	162,185	162,185
	29,967,635	29,967,635

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	2018 TZS '000	2017 TZS '000
6. Deferred tax		
Deferred tax asset		
Deferred tax asset	170,792	-
Reconciliation of deferred tax asset		
Increases (decrease) in tax loss available for set off against future taxable income	170,792	-
7. Other investments		
Government Bonds	4,248,114	-
Corporate Bonds	58,706	87,075
Fixed Deposits (exceeding 3 months)	-	2,272,580
Properties	239,820	239,820
Unlisted shares	5,500	5,500
	4,552,140	2,604,975
8. Trade and other receivables		
Trade receivables	-	185,968
Employee costs in advance	2,091	10,323
Prepayments	10,465	505,006
Deposits	5,184	5,184
	17,740	706,481
Currencies		
The carrying amount of trade and other receivables are denominated in the following currencies:		
Tanzanian Shilling	17,740	706,481
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1,926	1,904
Bank balances	648,923	280,281
	650,849	282,185
Currencies		
The carrying amounts of cash and cash equivalents are denominated in the following currencies:		
Tanzanian Shillings	650,849	162,185

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Notes to the Financial Statements

	2018 TZS '000	2017 TZS '000
10. Share capital		
Authorised		
5,000,000,000 Ordinary shares of TZS 20/- each	100,000,000	100,000,000
Reconciliation of number of shares issued:		
Reported at the beginning of the year - 71,092,400 ordinary shares of TZS 20/- each	1,421,848	-
Issue of shares – 1,865,260 ordinary shares of TZS 400/- each	746,104	-
	2,167,952	-
Issued		
Ordinary shares - 72,957,660 ordinary shares of TZS 20/- each	1,459,153	1,421,848
Share premium - 1,865,260 ordinary shares at TZS 380/- each	708,799	-
	2,167,952	1,421,848
11. Earnings per share		
Profit for the year	366,574	246,568
Weighted average shares in issue	72,957,660	71,092,400
Basic earnings per share	5.02	3.47

12. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2018

	Financial liabilities at amortised cost	Total
Trade and other payables	20,364	20,364
Dividend payable	461,773	461,773
	482,137	482,137

2017

	Financial liabilities at amortised cost	Total
Trade and other payables	31,769	31,769
Dividend payable	295,727	295,727
	327,496	327,496

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	2018 TZS '000	2017 TZS '000
13. Trade and other payables		
Accrued audit fees	16,402	15,640
Other accrued expenses	3,962	16,129
	<u>20,364</u>	<u>31,769</u>
Currencies		
The carrying amounts of trade and other payables are denominated in the following currencies:		
Tanzanian Shilling	20,364	31,769
14. Dividend payable		
Dividend Payable	276,461	110,801
Proposed Dividend	185,312	184,927
	<u>461,773</u>	<u>295,728</u>
15. Income		
Interest income	425,694	210,310
Dividend income	895,072	1,216,013
Miscellaneous income	224	401
	<u>1,320,990</u>	<u>1,426,724</u>
16. Other operating expenses		
Staff costs	425,926	396,924
Administration costs	601,071	604,276
Auditors' remuneration	16,357	13,570
Business development expenses	31,542	9,274
Directors' fees	44,000	44,000
Depreciation, amortisation and impairment	6,312	6,440
	<u>1,125,208</u>	<u>1,074,484</u>
17. Taxation		
Major components of the tax income		
Current		
Local income tax - current period	-	105,672
Deferred		
Originating and reversing temporary differences	(170,792)	-
	<u>(170,792)</u>	<u>105,672</u>

No provision has been made for 2018 tax as the company has no taxable income.

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Notes to the Financial Statements

	2018 TZS '000	2017 TZS '000
18. Cash generated from operations		
Profit before taxation	195,782	352,240
Adjustments for:		
Depreciation and amortisation	6,312	6,440
Changes in working capital:		
Trade and other receivables	688,741	(531,494)
Trade and other payables	(11,405)	(50,069)
	<u>879,430</u>	<u>(222,883)</u>
19. Tax paid		
Balance at beginning of the year	260,784	242,620
Current tax for the year recognised in profit or loss	-	(105,672)
Balance at end of the year	<u>(331,319)</u>	<u>(260,784)</u>
	<u>(70,535)</u>	<u>(123,836)</u>
20. Dividends paid		
Balance at beginning of the year	(295,727)	(287,828)
Dividends declared	(185,698)	(184,927)
Balance at end of the year	<u>461,773</u>	<u>295,727</u>
	<u>(19,652)</u>	<u>(177,028)</u>
21. Contingencies		
<p>The Company is facing a claim from one of its shareholders/former directors for payment for cost of services offered to the Company in 2005. The Board denied his claim and the issue was taken to the arbitration tribunal where it was rejected but the panel awarded him damages. The Board was not satisfied with the award and the matter was petitioned to the High Court (Commercial Division) which on 30th November, 2018, ruled in favor of the Company by setting aside the award. However, the plaintiff has filed an application for revision to the Court of Appeal of Tanzania challenging the dismissal of the case by the High Court of Tanzania (Commercial Division). In the opinion of the Directors, the case has no merit. An estimate cannot be made of the potential effect of the claim and accordingly, no provision has been made in the financial statements.</p>		
22. Related parties		
Compensation to directors and other key management		
Directors' fees	<u>44,000</u>	<u>44,000</u>

23. Comparative figures

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

The effects of the reclassification are as follows:

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23. Comparative figures (continued)		
Statement of Financial Position		
Other investments	-	2,272,580
Cash and cash equivalents	-	(2,272,580)
Current tax receivable	-	94,635
Trade and other receivables	-	(94,635)
Proposed dividend	-	184,927
Dividend payable	-	(184,927)
Retained income	-	2,553,892
Gain/ (Loss) on sale of equity investment	-	172,547
Equity fair value reserve	-	(2,726,439)

24. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The management reviews this risk from time to time.

Liquidity risk

Liquidity risk is the risk that the company will not have sufficient funds to meet liabilities. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the company's financial liabilities 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.

At December 31, 2018	Less than 1 year
Trade and other payables	20,364
Dividend payable	461,773
At December 31, 2017	Less than 1 year
Trade and other payables	31,769
Dividend payable	295,727

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24. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2018	2017
Trade and other receivables	17,740	706,481
Cash and cash equivalents	650,849	162,185
Other financial assets	4,552,140	2,604,975
Investment in equity	22,988,002	26,493,994

Foreign exchange risk

The company reviews its foreign currency exposure, including commitments on an ongoing basis. The company does not hedge foreign exchange fluctuations.

25. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

26. Events after the reporting period

There are no subsequent events which may have a material impact on the financial statements.