
# Growing with Tanzania

TANZANIA BREWERIES

# 2011

Annual Report and Accounts

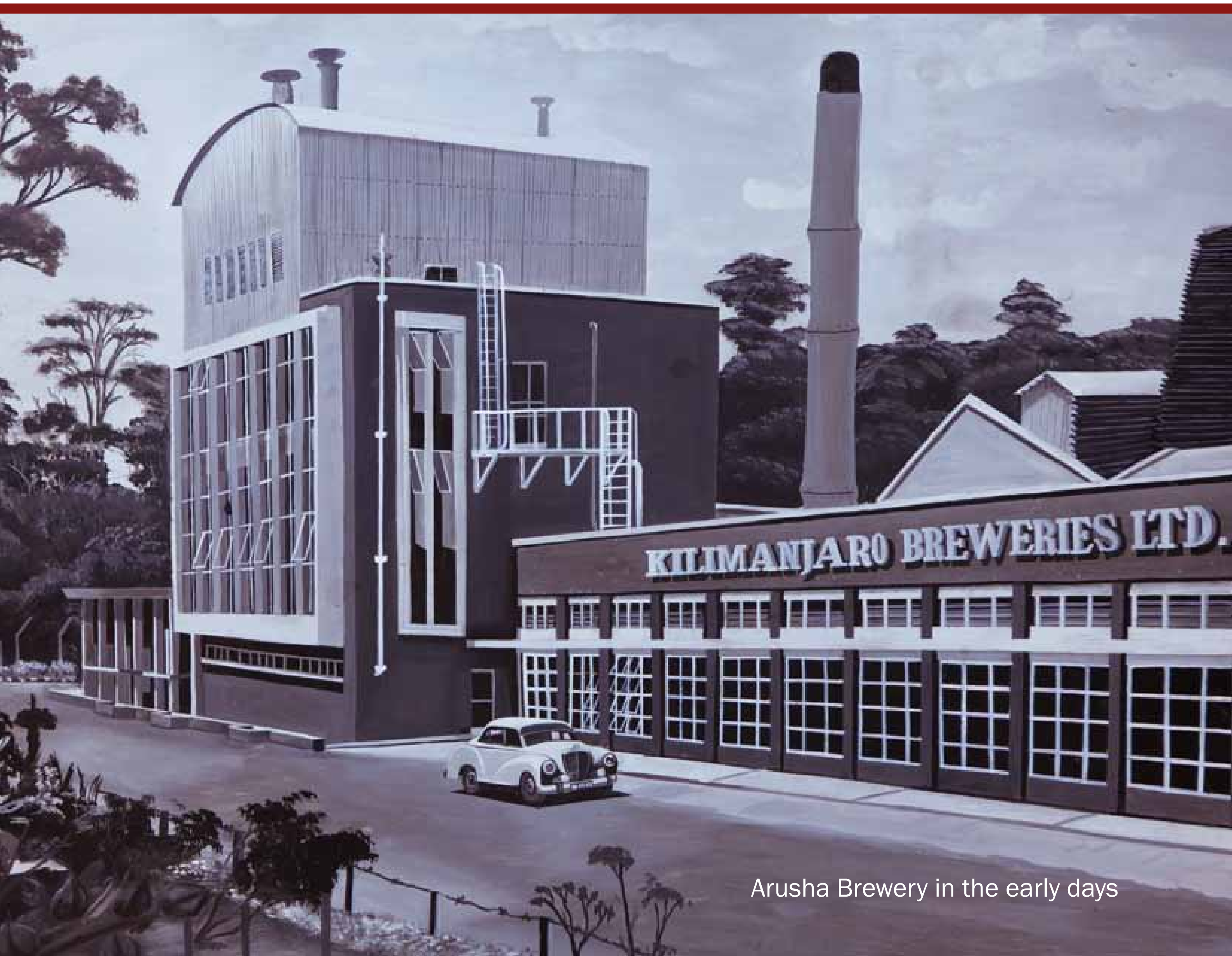
# Its been 81 years since the opening of our first brewery

Tanzania Breweries began as Tanganyika Breweries in 1930. The company was renamed to Tanzania Breweries in 1964, when the countries of Tanganyika and Zanzibar united to become Tanzania. Tanzania Breweries was originally state owned, but in 1993 the process of privatizing the company was started by selling 50% of the Tanzania Breweries company to SABMiller.

The company currently operates 4 breweries in Tanzania. In recent years Tanzania Breweries has begun work on a number of sustainable development practices in the areas of water and energy conservation and barley farming. Protecting the countries scare resources has became a major goal for the company while, at the same time, working to meet the increased demands for its products.

Tanzania Breweries brew a variety of beers. The main brands are Safari Lager, Kilimanjaro Premium Lager, Ndovu Special Malt, Eagle Lager, Balimi Lager, Castle Lager and Castle Lite. Also produced is Redds Premium Cold and non-alcoholic brands, Grand Malt and Safari Water.

Tanzania Breweries has a controlling interest in Tanzania Distilleries Limited. Tanzania Distilleries produces and markets such brands as Konyagi Gin, Valeur Brandy and the Dodoma and Imagi range of organic white and red wines.




Arusha Brewery in the early days

# Contents

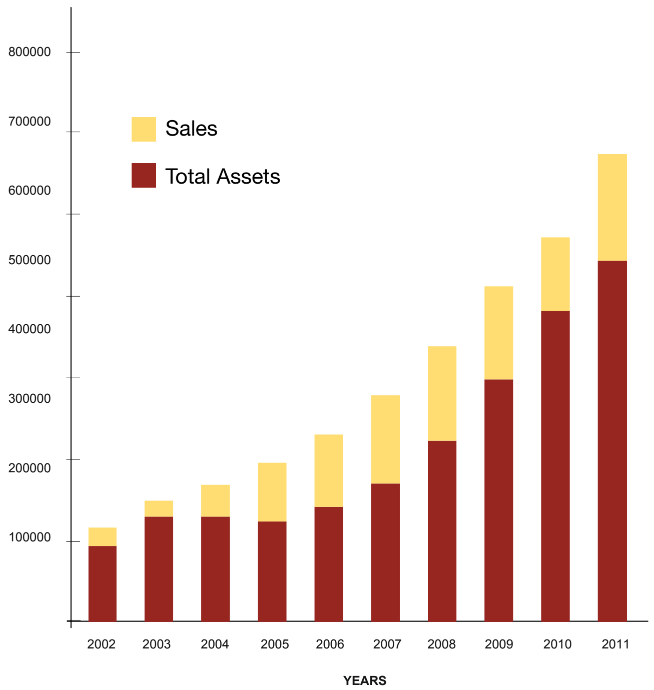
# 10 year Review

For the year ended 31 March 2011

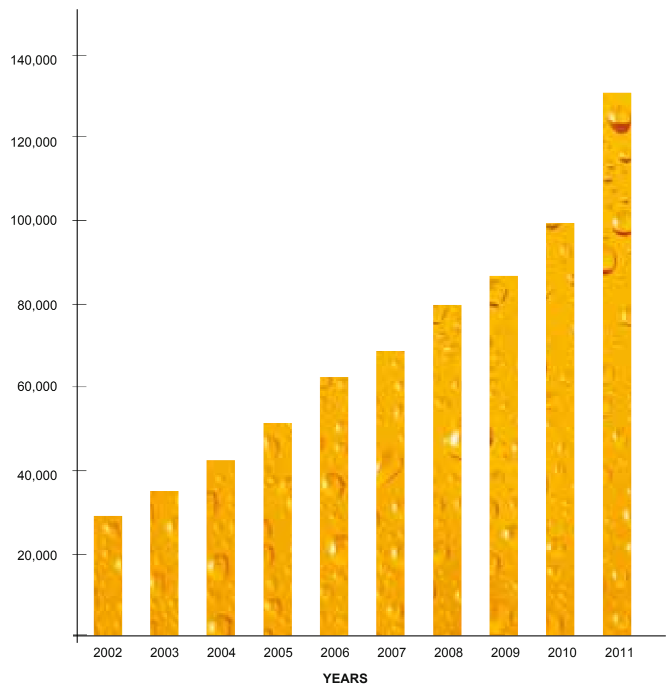
| | | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | *2002 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales | Tshs M | **635,863** | 527,768 | 464,539 | 383,181 | 314,878 | 260,628 | 229,644 | 197,982 | 174,048 | 135,059 |
| Profit before income tax | Tshs M | **173,183** | 133,842 | 115,187 | 109,168 | 95,603 | 85,584 | 69,332 | 57,471 | 47,635 | 34,218 |
| Dividends declared | Tshs M | **44,239** | 44,239 | 44,239 | 58,986 | 58,986 | 52,202 | 56,036 | 36,866 | 30,790 | 25,835 |
| Cash flow from operations | Tshs M | **165,246** | 127,141 | 74,445 | 83,467 | 79,011 | 60,099 | 67,489 | 42,248 | 43,242 | 30,069 |
| Net cash invested to expand operations | Tshs M | **51,389** | 113,488 | 74,741 | 58,723 | 30,475 | 15,121 | 3,771 | 4,822 | 2,723 | 3,309 |
| Total borrowings | Tshs M | **15,956** | 143,345 | 105,702 | 57,899 | 36,774 | 25,270 | 5,760 | 19,701 | 13,740 | 12,434 |
| Gearing | % | **5** | 73 | 69 | 48 | 34 | 24 | 6 | 18 | 12 | 15 |
| Market capitalisation | Tshs Bn | **537** | 513 | 531 | 490 | 466 | 442 | 436 | 395 | 472 | 330 |
| Earnings per share | Tsh | **387** | 296 | 261 | 242 | 209 | 193 | 157 | 128 | 122 | 110 |
| Earnings per share growth | % | **60** | 22 | 8 | 16 | 9 | 23 | 22 | 5 | 11 | (8) |

* Tax holiday ended July

**Sales and Total Assets**
Tshs millions



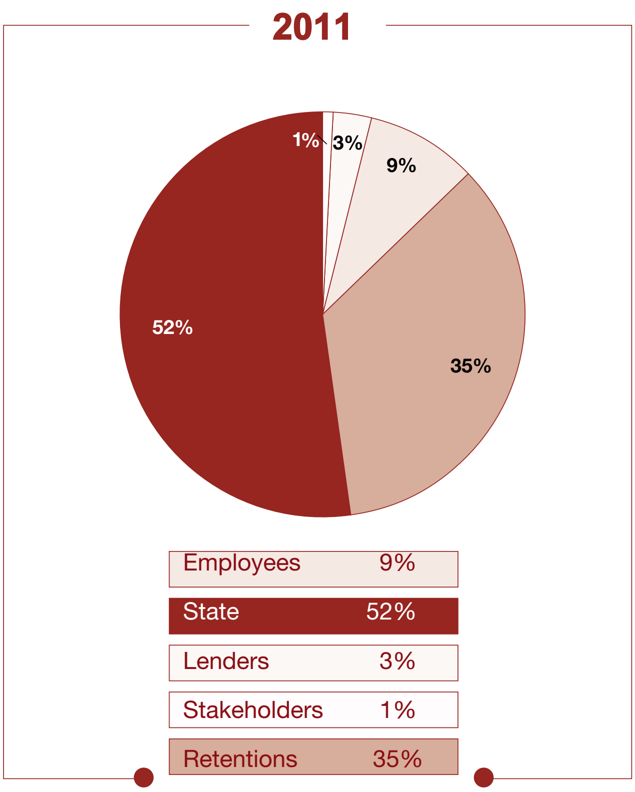

**Earnings**
Tshs millions

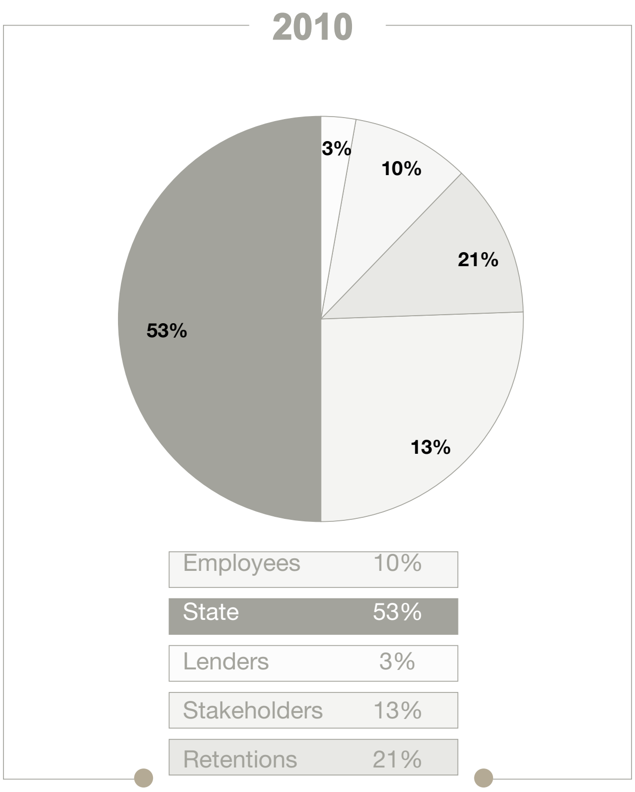


# Group Cash Value Added Statement

For the year ended 31 March 2011

| | 31 March, 2011 Tshs M | % | 31 March, 2010 Tshs M | % |
|---|---|---|---|---|
| **Cash generated** | | | | |
| Cash derived from sales | 758,615 | | 621,962 | |
| Other income | - | | - | |
| Cash value generated | 758,615 | | 621,962 | |
| Cash paid to suppliers | (305,548) | | (266,443) | |
| **Cash value added** | 453,067 | 100 | 355,519 | 100 |
| **Cash utilised to** | | | | |
| Remunerate employees for their services | (40,887) | 9 | (36,109) | 10 |
| Pay direct taxes to Government | (40,113) | 9 | (35,138) | 10 |
| Pay excise duty and Value Added Tax | (195,042) | 43 | (153,242) | 43 |
| Provide lenders with a return on borrowings | (11,779) | 3 | (10,906) | 3 |
| Provide shareholders with cash dividends | (5,503) | 1 | (47,421) | 13 |
| **Cash disbursed among stakeholders** | (293,324) | 65 | (282,817) | 80 |
| Cash retained to fund replacement of assets and facilitate further growth | 159,743 | 35 | 72,703 | 20 |



# Chairman's Statement

Tanzania Breweries Limited Group of companies ("TBL Group") is pleased to report its results for the financial year ended 31st March 2011. We have continued to run our business based on the best fundamentals of brewing, distribution and sales, which include high quality products, a strong brand portfolio which resonated well with consumers, superior customer service, vigilant risk monitoring as well as efficient liquidity and capital management, in a competitive environment.

Sales registered a 20% growth with corresponding operating profit of Tshs. 184 billion due to gains in market share, direct distributor discount scheme, improved product mix in the premium sector and exceptional performance of the wines and spirits.

The Tanzania beer industry grew by 6% during the year as a direct impact of improved economic growth and recovery of the world economy. Inspite of the loss of EABL brands which we brewed and distributed under licence, TBL's volume ended 5.5% above prior year, while Group volume output grew by 6.1% to 3.03 million hectolitres with Wine and Spirits volume growing by 28.1% over the year due to continued management of counterfeit products as well as introduction of new product range (Bismarck Rocks and Dodoma wines) coupled with the continuous growth of Savannah cider.

Improved efficiencies resulted in trading profits which registered 26% increase profits ahead of prior year, maintaining a proud record of annual growth in profit since the listing on the Dar es Salaam Stock Exchange in 1998.

TBL continues to make a significant contribution to Government revenues by way of corporate, excise and value added taxes. Payments to Government were Tshs 235 billion for the year; an increase of 25% over prior year.

Customers continue to be at the heart of our strategy and in 2011 we reaffirmed this commitment through continuously introducing new and improved products and services. We started off the year with launch of Castle Lite and Redds in the 375 ml green bottle complementing Ndovu Special Malt. The launch of Grand Malt, a non-alcoholic malt soft drink during the second quarter resonated well with consumers. Also, the purchase of coolers gave retailers the ability to sell cold beer which assisted in growing volume. The Distributor Centres (DC's) discount scheme introduced in the second quarter has been maintained and has been a key driver of volume.

The effects of the additional capacity and capability including a new operational brewery in Mbeya and additional packaging line and rehabilitation of the third packaging line at Dar es Salaam Plant delivered in 2010 has given the Company the flexibility it needed to deliver this exceptional performance in volumes. A total of Tshs. 51.9 billion was invested in fixed assets this year compared to Tshs.114.2 billion in prior year. These achievements are a testimony to the successful joint venture which was consummated when SABMiller, the second largest brewers in the world, the Tanzanian Government and other shareholders invested in TBL. The joint venture has since benefited all shareholders, the national economy and the consumers of TBL products, as well as the committed and skilled labour force which makes TBL a truly world class Company.

Our commitment to excellent service is unwavering, and to reinforce this, the Company continued to invest in improved technology platforms in 2011. We remain committed to the growth and development of our staff and continue to attract and retain some of the best talent in the market. Our strategy to build local high managerial staff by seconding them to other SABMiller operations in Africa will continue and we shall continue to accept exchanges of employees from other facilities within the wider family of SABMiller.

We are committed to making a positive contribution to the sustainable development of the communities in which we operate. Some of the projects we have supported is the "No water,No life", (Hakuna Maji Hakuna Uhai), in which over Tshs 226 million was spent by the company while the communities contributed both in cash and kind an additional Tshs 235 million. This project has benefited over 65,000 people with access to safe and reliable water.

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

(i) To provide world class quality brands, quality of products and service to the consumer at affordable prices.

(ii) To achieve budgeted volumes for the next financial year (FY2012) and turnover by expanding market share through competitive marketing activities.

(iii) To increase our focus on giving our high performing staff opportunities to work in some of our key strategic areas to enable them achieve both professional and personal goals.

(iv) To continue with efforts to integrate TBL Group activities into the national economy. Specifically we shall expand the use of local raw materials. SAIDIANA Project, now in its second year in developing local barley production for brewing, shall be consolidated by recruiting more small, medium and large scale farmers. Parallel to this objective sorghum cultivation will be strengthened to supply inputs into our Eagle beer brands and traditional beer. In the wine and spirits sector, we are working with grapes producers in Dodoma Region who supply inputs to the wine industry.

(v) To promote exports of the selected TBL brands to neighbouring and other niche markets.

I remain optimistic about what the future holds, not only for TBL Group but also for the national economy. I am confident that TBL will continue its proud record of positive growth in earnings and dividends and its contribution to the economy of Tanzania. These achievements have been attained because of the commitment, dedication and hard work by the management and staff of TBL Group.

I want to thank our Board for their support, customers for choosing to partner with us, our management and staff for their continued engagement and dedication to delivering a superior service to our customers, our stakeholders for their support in helping us contribute to the success and growth of the alcoholic beverage industry in Tanzania.

We wish to record our appreciation of the smooth cooperation extended to us by the Tanzania Government during the year.

Cleopa David Msuya
Chairman

# Taarifa ya Mwenyeketi

Kampuni ya Tanzania Breweries ("TBL au Kampuni") inayo furaha kubwa kutangaza matokeo ya utendaji wa kazi zake kwa kipindi cha mwaka ulioishia tarehe 31 March 2011. Uendeshaji wa biashara yetu umeendelea kutumia mbinu zinazokubalika na zenye misingi imara kwa upikaji wa pombe na usambazaji wake; zikiwa ni uzalishaji wa bidhaa zenye ubora wa hali ya juu, huduma ya uhakika kwa wateja, ufuatiliaji wa shughuli zetu kwa ukaribu na kutilia maanani mtiririko wa fedha; na uangalivu wa kusimamia miradi yetu ya kudumu kwenye hali hii ya ushindani mkubwa kwenye biashara yetu.

Mauzo yaliongezeka kwa asilimia 20, na ongezeko la faida lilifikia Tshs 184 billioni kutokana na kuongezeka kwa uzalishaji, uboreshwaji wa mchanganyiko wa bidhaa za daraja la juu, pamoja na mafanikio makubwa kutokana na biashara ya mvinyo na pombe kali.

Soko la bia nchini liliendelea kukua kwa asilimia 6% kutokana na hali halisi ya kufufuka kwa uchumi wa dunia. Pamoja na kuachana na uzalishaji na usambazaji wa aina za bia zimilikiwazo na Kampuni ya East African Breweries (EABL), mauzo ya TBL yaliongezeka kwa asilimia 5.5%, wakati mauzo yote kwa TBL na kampuni zake tanzu yaliongezeka kwa asilimia 6.1% kufikia lita millioni 303, wakati mauzo ya pombe kali na mvinyo yakiongezeka kwa asilimia 28.1% kutokana na ujasiri mkubwa wa kupambana na bidhaa batili na uingizaji sokoni wa bidhaa mpya (Bismarck Rocks na Dodoma wines) na ukuaji mzuri wa mauzo ya aina ya Savannah cider.

Uboreshwaji wa utendaji umewezesha ongezeko la faida la asilimia 26% ya faida, ikilinda rekodi ya Kampuni ya kukuza ongezeko la faida ipatikanayo tokea Kampuni ilipojiandikisha kwenye Soko la Hisa la Dar es Salaam mwaka 1998.

TBL imeendelea kutoa mchango wake mkubwa kwa Serikali kwa kulipa kodi ya mapato, ushuru na kodi ya ongezeko la thamani. Jumla ya malipo ya aina mbali mbali za kodi kwa Serikali yaliongezeka hadi Tshs 235 billioni; ongezeko la asilimia 25% ukilinganisha na mwaka jana.

Wateja wetu wameendelea kuwa kitovu cha mafanikio yetu na kwa kipindi cha 2011 tulidhihirisha matendo yetu kwa kuzalisha bidhaa mpya na kuimarisha huduma zetu kwao. Tulianza na uzinduki wa Castle Lite na Redds kwenye chupa ya kijana yenye ujazo wa mililita 375, ili ziende sambamba na Ndovu Special Malt. Uzalishaji wa Grand Malt, aina ya kinywaji ambacho hakina kilevi kwenye kipindi cha pili cha mwaka, ulipokewa vizuri sana na wateja wetu ambapo mauzo yaliongezeka kwa kasi mno. Usambazaji wa majokofu ya baridi uliweza kuongeza uwezo wa wateja wetu kuweza kuhifadhi bia za baridi kumesaidia sana kuongeza mauzo. Mbinu zakuwaongezea wasambazaji wetu faida kubwa kwenye manunuzi yao zimesaidia sana kuongeza mauzo yetu.

Matokeo ya ongezeko la uwezo wa uzalishaji wa mitambo na ufunguzi wa kiwanda kipya cha Mbeya, ukarabati wa mitambo ya ujazaji na ujenzi wa mtambo wa tatu katika Kiwanda cha Dar es Salaam uliokamilika mwaka 2010, vimetuwezesha kuwa na uwezo wa kuzalisha wakati wote na kukidhi mahitaji ya soko kila kadri ya mahitaji. Kiasi cha Tshs 51.9 billioni kiliwekezwa kwenye mali ya kudumu, ukilinganisha na Tshs 114.2 billioni kwa mwaka uliopita. Juhudi hizi ni ishara kamili ya matokeo ya mafanikio mazuri yatokanayo na makubaliano ya pamoja kati ya SABMiller, moja ya makampuni makubwa ya bia ulimwenguni, kwa upande mmoja, Serikali ya Tanzania pamoja na wadau wengine waliowekeza kwenye Kampuni hii kwa upande mwingine. Makubaliano haya yameweza kufaidisha kibiashara pande zote zilizoshiriki, kuchangia kukua kwa uchumi wa nchi yetu, kunufaisha wateja wanaoburudishwa na bidhaa zetu na wafanyakazi mahiri wa kampuni hii ambao ndio wanaifanya Kampuni yetu kuwa kama ilivyo na kuipatia sifa tele.

Msimamo wetu wa kutoa hudumu nzuri umezidi kuimarika na kutoa ushuhuda wa msimamo wetu, Kampuni imeendelea kuwekeza kwenye teknolojia za aina mbali mbali kwa mwaka 2011. Bado tumeendelea na msimamo wetu wa kuwaendeleza wafanyakazi wetu na kushawishi kuajiri wafanyakazi hodari na wazuri, pamoja na kuhakikisha wale walioko ndani wanaendelea kufanya kazi na sisi. Mbinu zetu za kuendelea kujenga wafanyakazi wazalendo kwenye ngazi za mameneja kwa kuwapeleka kufanya kazi kwenye Kampuni nyingine za SABMiller nchi nyingine hasa barani Afrika zitaendelea na pia tutaendelea kupokea wafanyakazi kutoka familia ya SABMiller ulimwenguni ili kukamilisha mpango wetu wakubadilishana wafanyakazi kwa nia ya kuwapa ujuzi zaidi.

Kampuni ya Bia Tanzania itaendelea na juhudi zake za kuchangia na kuleta maendeleo endelevu kwa jamii yetu. Baadhi ya miradi tuliyochangia na kuipa kipaumbele ni ile ya "Hakuna Maji Hakuna Uhai"ambapo kiasi cha Tshs 226 millioni kilitumika kutoka kwenye Kampuni moja kwa moja na kiasi cha Tshs 235 millioni zilichangwa na walengwa moja kwa moja kwa mfumo wa pesa taslimu au kujitolea hali na mali.Matokeo ya juhudi hizi ni kwamba zaidi ya watu 65,000 wamefaidika na kupata maji safi.

Kwa mtazamo wa kipindi kilicho mbele yetu, Kampuni yetu imejidhatiti kutekeleza malengo yafuatayo:

- Kuzalisha na kusambaza bidhaa zilizo bora na zenye hadhi ya kimataifa pamoja na kutoa huduma kwa wateja wake kwa hali ya juu na gharama zinazokubalika.

- Kutekeleza malengo ya mwaka wa fedha ujao (FY2012) kwa kupanua soko kwa kuongeza asilimia ya bia zetu kwenye soko la bia kupitia mbinu za ushindani sokoni.

- Kuongeza mtazamo wetu wakuwapa fusra wafanyakazi wanaofanya kazi  kwa bidii nafasi ya kwenda kufanya kazi kwenye maeneo muhimu zaidi ili kuweza kujipatia ujuzi na maendeleo kibinafsi na kitaaluma.

- Kuongeza utumiaji wa malighafi zizalishwazo hapa nchini, ambazo bei zake ni nafuu ukilinganisha na upatikanaji wa malighafi hizi ulimwenguni ambapo bei zake  hupanda siku hadi siku kutokana na hali halisi na mienendo ya bei za nafaka ulimwenguni kwa sasa. Kwa kupitia mradi wake wa SAIDIANA ambao uko kwenye mwaka wa pili sasa, kuongeza ulimaji wa shayiri kwa kushawishi wakulima wadogo na wakubwa ili kuwezesha uzalishaji wa kimea cha kutosheleza mahitaji ya viwanda vyetu vyote. Sambamba na hayo ulimaji wa mtama utazidishwa ili kupata malighafi ya kutengeneza bia yetu ya Eagle na uzalishaji wa pombe yetu ya kienyeji huko Mwanza. Kwenye upande wa pombe kali na mvinyo, tutaendeleza juhudi zetu kushirikiana na wakulima wa zabibu mkoani Dodoma ili wazalishe mali ghafi ya kutengenezea mvinyo.

- Kuendeleza juhudi na mbinu za kuuza bidhaa zetu nje ya nchi hasa kwenye nchi jirani.

Nina imani kubwa na hali nzuri ya kuridhisha ya baadaye sio tu kwa Kampuni ya Bia, bali kwa uchumi wa nchi. Nina imani kubwa Kampuni ya Bia Tanzania itaendeleza rekodi yake ya mafanikio na ufanisi bora kiuzalishaji, kimasoko na kifedha ili kuiwezesha kuendelea kukua kwa mapato yake na gawio kwa wanahisa na kwa mchango wake mkubwa kwenye uchumi wa nchi yetu. Mafanikio haya yamepatikana kutokana na juhudi, mbinu na ufanyaji kazi wa bidii kutoka kwa menejimenti na wafanyakazi wa Kampuni nzima.

Napenda kuwashukuru wateja wetu kwa kuamua kuwa nasi kwa kupenda kununua bidhaa zetu, wafanyakazi kwa juhudi zao za kutoa huduma bora na nzuri kwa wateja wetu, wadau wote kwa kutuunga mkono ili tuweze kupata mafanikio haya na kuendeleza sekta hii ya vinywaji nchini Tanzania.

Bila kusahau kuishukuru Serikali yetu kwa kutuwezesha kupata hali na kutuwekea mazingira mazuri ya kufanya biashara yetu kwa mwaka mzima.

cdMsuya

Cleopa David Msuya
Mwenyekiti

## In 1977 the first purely Tanzanian Beer

## Safari LAGER was born

Safari Lager was launched in 1977 in the Dar es Salaam and Arusha Breweries and was the first beer brewed at the Mwanza Brewery when it opened in October 1995. As Tanzania Breweries' flagship brand, Safari Lager also led the way at the opening of the Mbeya Brewery in late 2009.

Over the years Safari Lager has established itself as a truly Tanzanian and masculine brand and is regarded as such by both drinkers and non-drinkers of the brand.

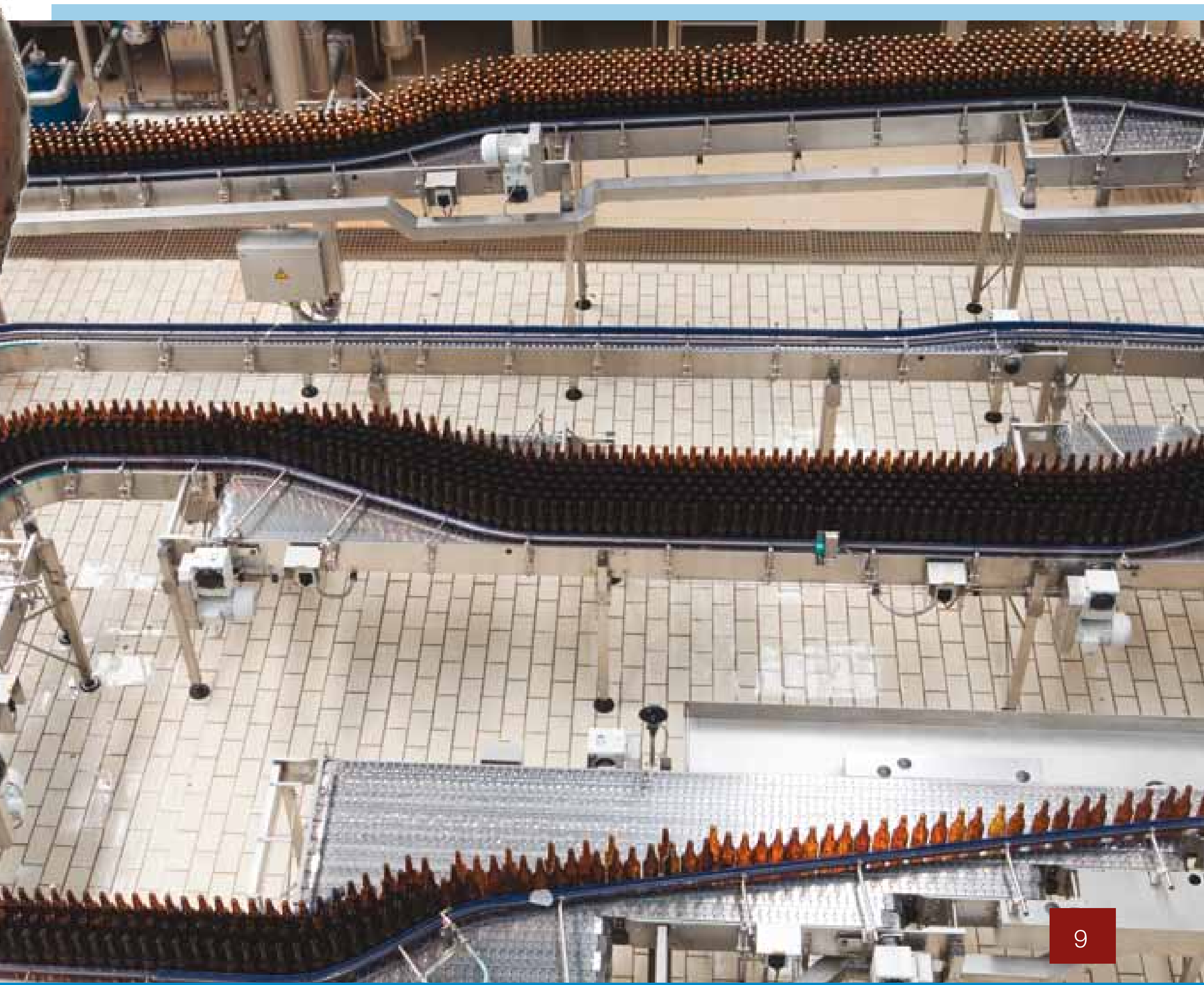
Safari Lager is a full bodied, full strength, rich flavoured beer that has won 4 Monde Selection Gold Medals for quality. It consistently delivers a full, satisfying taste experience to its extremely loyal and proud consumers.


TANGU 1977

# 1977 - 2011

Safari Lager is marketed in a 500ml returnable, long neck bottle as well as a 330ml can. It is the most widely distributed and available beer brand in Tanzania and can be found in all corners of the country.

***Safari Lager. Ladha kamili, Inayoridisha zaidi.***

# Vision, Mission & Company Values

## Vision

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

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

## Mission

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

## Values

**Our people are our enduring advantage**

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

**Accountability is clear and personal**

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

**We work and win in teams**

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

**We understand and respect our customers and consumers**

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

**Our reputation is indivisible**

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

# Report of the Directors

For the year ended 31 March 2011

## 1 INCORPORATION

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

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

## 2 PRINCIPAL ACTIVITIES

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

The Company partially owns and manages Tanzania Distilleries Limited, a spirituous liquor company that is situated in Dar es Salaam; and fully owns Kibo Breweries Limited, an asset management company domiciled in Dar es Salaam.

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

Safari Lager
Kilimanjaro Premium Lager
Ndovu Special Malt
Konyagi

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

## 3 VISION

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

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

## 4 MISSION

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

## 5 OPERATING AND FINANCIAL REVIEW

### Market overview

The beer industry in Tanzania and in East Africa in general is becoming more competitive with more choices available for the consumers. The business environment in Tanzania remained difficult with interrupted electricity supply hampering production and general infrastructure short comings causing problems in delivering our products. Growth in the economy helped volume increase on prior year.

### Performance for the year

The Group is once again pleased to report outstanding performance for the year despite increased cost and market share pressures.

The revenue of Tshs 635,863 million represents a growth of 20% over prior year and is attributable to gains in market share, tremendous performance of our wine and spirit business as well as from annual price increases. Improved efficiencies allowed trading profit to end the period a pleasing 26% ahead of prior year. This performance is reflected in the increase in profit for the year to Tshs 121,695 million from Tshs 92,449 million in 2010. A total of Tshs 51.9 billion was invested in capital investment compared to Tshs 114.2 billion in prior year.

Despite increased operational cost pressures resulting from a combination of rising fuel, energy and raw materials prices, together with a depreciating shilling which made imports even more expensive, the group's cash generated from operations still exceeded Tshs 215 billion reflecting a 30% increase on prior year. Of this amount Tshs 40 billion was utilized to pay corporate tax, and the remaining amount funded capital expenditure and interest.

**Future development**

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

## 6 DIVIDEND

The Board of Directors have made a decision to delay the declaration of a dividend for the year ended 31 March 2011 until the net debt situation, post the substantial capital expenditure in funding the Mbeya Brewery, has improved sufficiently to fund a dividend. In the prior year a dividend of Tshs 150 per share was paid.

## 7 COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the Company at the date of this report, all of whom have served since 1 April 2010, unless otherwise stated, are:

**Hon. C.D. Msuya (Tanzanian)**

Chairman. He is the (Rtd) Vice President and Prime Minister and was appointed on the TBL Board on the 18 August 2005. For the year under review, he was an appointee of SABMiller Africa & Asia.

**Mr. Mark Bowman (South African)**

Managing Director of SABMiller Africa appointed on the TBL Board in December 2007. He is an appointee of SABMiller, Africa and Asia.

**Mr. D. Carruthers (British)**

Director of Marketing of SABMiller Africa & Asia, and has been serving the Board since July 2001. He is an appointee of SABMiller Africa & Asia.

**Mr. R. Goetzsche (South African)**

Director of Operations, East Africa, for SABMiller Africa & Asia and the Managing Director, Tanzania Breweries Limited. He was appointed to the Board on 1 January 2009. He is representing SABMiller Africa & Asia.

**Ambassador A.R. Mpungwe (Tanzanian)**

Businessman and Director of several companies, appointed by SABMiller Africa & Asia, in October 2001.

**Mr. J. Haule (Tanzanian)**

He is the Deputy Permanent Secretary, Ministry of Finance, sitting on the Board as the Government's representative with effect from March 2009.

**Mr. R.O.S. Mollel (Tanzanian)**

(Rtd) Permanent Secretary, Vice President's Office. Appointed to the Board in 1997, representing the Government of Tanzania up to April 2000, and from May 2002 to date, he is an appointee of SABMiller Africa & Asia, and is the Chairman of the Audit Committee.

**Ms Joyce Mapunjo (Tanzanian)**

She is the Permanent Secretary, Ministry of Industry, Trade and Marketing. She was appointed to the Board in February 2009, representing the Government of Tanzania.

**Mr. A.B.S. Kilewo (Tanzanian)**

Former Executive Managing Director of Tanzania Breweries Limited. He was appointed in September 1999.

**Mr. P.J.I. Lasway (Tanzanian),**

External Affairs and Special Projects Director. He was appointed on 18 February 2010.

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

**Operating Board:**

**Mr. R. Goetzsche (South African),** Managing Director, Tanzania Breweries Ltd

**Mr. K.H. O'Flaherty (South African)**, Finance Director

**Mr. D. Minja (Tanzanian),** Marketing Director

**Mr. P.J.I. Lasway (Tanzanian),** External Affairs and Special Projects Director

**Mr. S.F. Kilindo (Tanzanian),** Human Resources and Communications Director

**Mr. T.W. Gray (South African),** Technical Director

**Mr. N. Brooks (British),** Sales and Distribution Director

**Mr. D. Mgwassa (Tanzanian),** Managing Director, Tanzania Distilleries -appointed 15 January 2011.

The Company Secretary as at 31 March 2011 was Huruma Ntahena.

The Board met four times during the year.

Directors holding shares are listed below.

| | Ordinary Shares 2011 |
|---|---|
| C.D. Msuya | 8,000 |
| J. M. Haule | 100 |
| R.O.S. Mollel | 3,600 |
| A.R. Mpungwe | 7,000 |
| A.B.S. Kilewo | 10,000 |
| P.J.I. Lasway | 25,362 |
| **Total** | **54,062** |

## 8 CORPORATE GOVERNANCE

The Board of the company consists of ten Directors. Apart from the Managing Director, no other directors hold executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

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

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

### Group Audit Committee

The Group Audit Committee monitors and reviews the effectiveness of the internal control and the internal financial control of the Company and its subsidiaries. The Group Audit Committee is a sub-committee of the Board and comprises of three Non-Executive Members. It is regulated by specific terms of reference and meets at least three times during the year. The Committee meets the external auditors and the internal audit department to review inter alias, accounting, auditing, internal control, financial reporting matters and the published financial statements of the Company. The external auditors have unrestricted access, at all times, to the Group and subsidiary audit committees. Mr. R. O. S. Mollel has chaired the Group Audit Committee during the year.

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

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

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

**Remuneration Committee**

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

## 9 CAPITAL STRUCTURE AND SHAREHOLDERS

The Company's capital structure for the year under review was authorised, issued and fully paid 294,928,463 ordinary shares of Tsh 100 each (2010: 294,928,463). There were no changes in the share capital during the year. The Company has only one class of ordinary shares which carries no right to fixed income. The ownership structure is as set out in note 21.2 of the financial statements.

## 10 MANAGEMENT

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

- Finance department.
- Technical department
- Marketing department
- Sales and Distribution department and
- Human Resources and Corporate Affairs department.

## 11 STOCK EXCHANGE INFORMATION

The Company is listed on the Dar es Salaam Stock Exchange. The share price at 31 March 2011 was Tshs 1,820. During the year the performance of the Company's shares in the secondary market was as follows: Market capitalization as at 31 March 2011 was Tshs 537 billion (2010: Tshs 513 billion).

## 12 RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an 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 March 2011 and is of the opinion that they met accepted criteria. The Board carries risk and internal control assessment through the Audit Committee.

## 13 SOLVENCY

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

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

## 14 EMPLOYEE WELFARE

### Management and Employees' Relationship

Relations between employees and management continued to be good during the year. A healthy relationship continues to exist between management and trade union. The Company is 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.

### Training Facilities

The Company spent Tshs 897 million for staff training programs in the year compared to Tshs 724 million in 2010. The programs are aimed at improving the employee's technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

### Medical Assistance

The Company provides medical services through on site dispensaries and outside hospitals. Staff are entitled to access referral hospitals as the need arise. The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees. This is achieved through formal and informal meetings.

All members of staff, their spouses and children to the age of 21 years were availed medical insurance. Currently these services are provided by IMARA Health Plan.

### Health and Safety

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

### Financial Assistance to Staff

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

### Persons with Disabilities

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

### Employees' Benefit Plan

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

## 15 GENDER PARITY

At 31 March 2011, the Company had 1,784 (2010-1,690 employees), out of which 172 (2010-180 employees) were female and 1,612 (2010-1,510 employees) were male.

## 16 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note 31 to the financial statements.

## 17 POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political donations during the year. Donations made to charitable organizations during the year amounted to Tshs 295 million (2010: Tshs 294 million).

## 18 ENVIRONMENTAL CONTROL PROGRAMME

As part of our Global Ten Priorities, "One future campaign", Tanzanian Breweries Limited (TBL) has embarked on the following initiatives during the year. TBL has installed a data base software monitoring program for mainly water consumption at each production process as well as formed the Water and Energy Task Force chaired by the plant managers at each site. This groundwork will enable TBL to achieve the 5% per annum reduction in water and energy usage as per the Global Sustainable Development goals of SABMiller.

### The Water Futures Partnership

The Company has also been involved externally in the "Water Futures Partnership" project with World Wildlife Fund (WWF) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) locally. GIZ is an organization controlling the donor funding of the German Government. The focus is primarily on the Dar es Salaam Brewery and the Wami -Ruvu river basin watershed. Until the date of this report, the Water shed analysis and Risks Assessments had been done, completing phase one of the project. In the next financial year, the partnership will be embarking on Implementation of the actions identified in the next stage of the project.

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Over the coming year the partnership will continue to engage with local stakeholders and work with them to identify solutions to the issues identified through the water footprints report. We recognize that this is a long term commitment, but it is one which provides benefits many times greater if through working together we are able to a secure water future for those areas most at risk.

## 19 CORPORATE SOCIAL RESPONSIBILITY

### Sustainable Water Supply to Communities Program "Hakuna Maji Hakuna Uhai"

The urgent need to address the problems associated with water scarcity and access to safe drinking water is expressed as part of the Tanzania Government's Millennium Development Goals. In response, TBL as part of its commitment to contribute to the Government development efforts of reducing poverty and improving lives of people in the country, has embarked on a three year initiative aimed at improving access to good quality water to some of the needy communities within the country. The investment for this initiative is expected to be 70% of the Corporate Social Responsibility (CSR) contribution. In the year under review a total of Tshs 225 million was invested in this initiative.

## 20 AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office as auditors and are eligible for re-appointment. A resolution proposing the re-appointment of PricewaterhouseCoopers as auditors of the Company for the year 2012 will be put to the Annual General Meeting.

**BY ORDER OF THE BOARD**

Hon. C.D. Msuya Date: 29th July, 2011
Chairman

# Managing Director's Report

Tanzania Breweries Group (TBL) is once again pleased to report another proud performance for the twelve months ended 31 March 2011, despite the difficult macroeconomic environment characterised by the depreciation of the Tanzania Shilling, increased competitive environment, rising fuel prices, unreliable power supply and challenging infrastructure.

Sales grew by 20% over the same period last year due to gains in volumes, improved product mix in the premium segment, tremendous performance from our wines and spirits business as well as an inflationary price increase. The weakening of the Tanzanian Shilling against major trading partners' currencies resulted in increased pressure on the cost of imported goods and raw materials, whilst the significant rise in fuel prices adversely affected energy and distribution costs. The impact of these increases was minimized by effective cost controls, currency hedging and improved efficiencies. This resulted in a 26% gross profit growth over the prior year.

The effects of the global economic recovery and favourable trading environment saw the Tanzanian beer industry grow at 6%. Clear beer volumes grew by 5.5% over prior year with a gradual welcoming return to growth in every quarter of the year. Marketing spend on all brands continued to focus on brand and pack innovation. Continued progress was achieved in the development of Distribution Centers (DC's) which has ensured that our partners in the supply chain see sustained improvement in their business performance. The TBL project team supported a number of initiatives to help DC's design the right specification for their beer warehouse facilities in Dar es Salaam, the Lake Region and the North East regions. Castle Lite was launched in the new 375ml green bottle, complementing Ndovu Special Malt in the premium category and continues to reflect a volume performance well above expectation. Safari Lager benefited from the national roll-out of the long neck 500ml returnable bottle. Grand Malt, a non-alcoholic malt drink, launched in April 2010, has also resonated well with consumers. The new Mbeya brewery contributed to the excellent growth in southern Tanzania and this facility has performed particularly well, despite ongoing operational difficulties due to water shortages.

The Company has developed an export strategy geared to provide the business with the opportunity to utilize available capacity to generate additional income and become a major player in the regional beer market. Arusha Brewery has already brewed Castle Lager for the Kenyan market while Dar es Salaam Plant brewed Redds and Castle Lager cans for the Kenyan market. Mbeya and Mwanza are on contract brewing for Ugandan and Zambian markets respectively.

Tanzania Distilleries Limited continued to record excellent volume growth, ending the year with a 28% growth over the prior year. Growth can be attributed to continued management of counterfeit products as well as introduction of new product ranges (Bismarck Rocks and Dodoma wines). TDL launched its Dodoma and Imagi range of wines, bottled from grapes grown in the Dodoma region and early sales volumes are most encouraging.

Improved efficiencies and cost management allowed operating profit to end a pleasing 26% ahead of prior year. Cash generated from operations amounted to Tsh 216 billion, of which Tsh 40 billion was utilised to pay corporate tax, while the remainder was applied towards funding of interest, capital expenditure and the reduction of borrowings.

The enterprise development initiative, part of our approach to sustainable development to support our supply chain through local sourcing of key raw materials, will continue to deliver benefits to local communities. Delays by the banks in offering credit facilities to our contracted barley farmers resulted in TBL extending extensive financing to the farmers to avoid the experience of the previous year which resulted in crop shortages. The Company has continued promoting sourcing of its key raw materials locally, a policy that has also created new livelihood. Under Project SAIDIANA, over 300 small scale farmers from the Southern Highlands Region were registered as a producer group.

In line with this initiative, the decision to roll out Eagle Lager nationally, together with the launch of Eagle Dark Lager saw this category grow 26% over the year. The demand for sorghum has increased significantly in line with this growth and has resulted in contracting additional farmers in different parts of the country. The same applied for winery development in central Dodoma region, where grapes produced from small scale farmers are used by Tanzania

Distilleries in the production of Valeur brandy as well as their different brands of local wines.
The Company continued adhering to SABMiller's "Responsible Way" principles, a communication pack that provides our business with all the information and guidance needed in implementing our alcohol manifesto and, in particular, the Code of Commercial Communication. As one of the leading brewers in East Africa, TBL believes that our brands contribute to the enjoyment of life to the overwhelming majority of our consumers, who drink responsibly. We also care about the harmful effect of irresponsible alcohol consumption on individuals and society. We have continued with our program of educating retailers to sell our products responsibly.

We are one of the key stakeholders in National Road Safety through our contributions to the National Road Safety Council, which encourages consumers to plan responsibly and avoid drinking and driving. The Company has lived up to its promise of investing in the social cause to the community in the areas of Health, Water, Education and Job creation.

In 2010 Tanzania Breweries Ltd plants participated in the National Occupational and Safety Awareness (NOSA) grading programme in terms of health and safety at the work place. We are proud to announce that all plants achieved a five star rating. We are also proud to announce that TBL won the Occupational Safety and Health Authority (OSHA) award, 2011. This award was to promote and create awareness on occupational safety and health nationally.

As part of our commitment to Sustainable Development, we continue to invest in water and effluent treatment facilities at all our plants. Our emphasis in reducing water and energy usage has started showing considerable improvements especially with the construction of the waste residue boiler in Mwanza.

Availability of good water quality is a critical issue for SABMiller given the water intensive nature of the industry. In response to Government's development efforts for reducing poverty, improving lives of people in the country and achieving the Millennium Development Goals on water supply, TBL coined the "Hakuna Maji Hakuna Uhai" (No Water, No Life) initiative. This initiative, to which 70% of the annual corporate social investment budget is allocated, was rolled out successfully in September 2010. Invitations to apply for the TBL water fund were published in various newspapers followed by Press Release and awareness presentation made to the respective stakeholders. A sum of Tshs 226 million was spent together with community contributions of Tshs 235 million in cash and kind, benefitting over 65,000 people.

TBL strongly believes that "People make the difference" and the Company continues to invest in the development of its employees.During the past year, approximately 3% of our total payroll cost was spent on training and development. On average, each employee underwent 10 days of training, greater than the American Society for Training and Development's benchmark of 7 days. Training ranged from technical, hands-on training in all aspects of our production and engineering disciplines to marketing, sales and customer service as well as management training and development.

The Company remains committed to the fight against HIV/AIDS, by continuing with HIV/AIDS education and awareness campaigns aimed at equipping employees with life skills that will influence behavioral change and prevent infection amongst employees. The treatment of opportunistic infections and Sexually Transmitted Diseases' (STD's) is provided at all TBL medical facilities free of charge.
Free anti-retroviral drugs (ARVs) (for eligible clients) together with vitamin supplements are also provided to all infected staff and family members. As a part of preventive measures, we provide free condoms to our staff and contactors. Voluntary counselling and testing for HIV is still ongoing at all our health facilities. As at the end of financial year 2011 more than 80% of all staff had voluntary counselling and testing (VCT) and hence know their health status. As a part of TB/HIV management one of our health facilities (DSM) managed to open a TB clinic whereby anti-TB drugs are provided free of charge (supplied by the Tanzanian Government), to the employees and surrounding community.

The outlook for the year ahead will depend on the sustainability of the economy, utilities and infrastructure as well as the stability of the Tanzanian Shilling. The Board however remains optimistic that the Tanzania Breweries Group will maintain its proud record of achieving positive earnings growth in the year ahead.

**Robin Goetzsche**
**Managing Director**

# Taarifa ya Mkurugenzi Mkuu

Tanzania Breweries Limited (TBL) kwa mara nyingine tena inapenda kutoa taarifa ya utendaji kazi wa kujivunia kwa kipindi cha miezi kumi na mbili kilichomalizika tarehe 31 Machi 2011; licha ya hali ngumu ya mazingira ya kiuchumi iliyotokana na kushuka kwa thamani ya shilingi ya Tanzania, kuongezeka kwa mazingira ya ushindani, kupanda kwa bei za mafuta, ugavi wa umeme usiotabirika na changamoto ya miundombinu.

Mauzo yaliongezeka kwa asilimia 20% zaidi ya mwaka jana kutokana na kuongezeka kwa uzalishaji, uboreshwaji wa mchanganyiko wa bidhaa za daraja la juu, mafanikio makubwa kutokana na biashara ya mivinyo na pombe kali pamoja na ongezeko dogo la bei ya mauzo kukabiliana na mfumuko wa bei katika uzalishaji. Kushuka kwa thamani ya Shilingi ya Tanzania dhidi ya thamani za fedha za wafanyabiashara wenza wakuu unaotokana na kuongezeka kwa shinikizo la gharama za uingizwaji wa malighafi nchini, ambapo ongezeko la bei za mafuta ziliathiri gharama za nishati na usambazaji. Athari za ongezeko hili zilipunguzwa kutokana na udhibiti bora wa gharama za matumizi, udhibiti wa fedha (currency hedging) na uboreshwaji wa utendaji. Hii iliwezesha ukuwaji wa faida kwa asilimia 26% ikilinganishwa na mwaka uliopita.

Urejeshwaji wa ukuaji uchumi duniani na mazingira bora ya biashara ulishuhudia soko la bia likikua kwa asilimia 6%. Soko la bia lilikua kwa asilimia 6% ikilinganishwa na mwaka uliopita na ikiwa ni mwendelezo wa ukuaji katika kila robo mwaka. Gharama za masoko ziliendelea kulenga kuboresha ubunifu wa bidhaa na ufungwaji wake. Maendeleo yaliendelea kupatikana kutokana na uongezwaji wa vituo vya usambazaji, ambavyo vimehakikisha kwamba washirika wetu katika sekta ya ugavi wanaona uboreshwaji endelevu katika utendaji wa biashara zao.

Timu ya mradi wa usambazaji toka TBL, iliunga mkono juhudi mbalimbali zilizolenga kusaidia wasambazaji kutafuta mahali sahihi kwa ajili ya bohari zao za bia jijini Dar es Salaam, mikoa ya Kanda ya ziwa na mikoa ya Kaskazini Mashariki. Bia ya Castle Lite ilizinduliwa katika chupa mpya ya kijani yenye ujazo wa mililita 375, ikienda sambamba na bia ya Ndovu Special Malt katika kundi la bidhaa za daraja la juu na imekua na mauzo mazuri kupita matarajio. Bia ya Safari Lager ilifaidika na uzinduzi wake kitaifa kwa kuwekwa kwenye chupa yenye shingo ndefu ya mililita 500. Grand Malt, kinywaji cha kimea kisicho na kilevi, ilizinduliwa mwezi Aprili 2010, na pia imeonesha kukubalika vizuri na wateja. Kiwanda kipya cha bia Mbeya kimechangia ukuaji mzuri kwa mikoa ya kusini mwa Tanzania na kimekuwa kikifanya vizuri, licha ya matatizo ya uendeshaji yanayotokana na upungufu wa upatikanaji maji.

Kampuni imeanzisha mkakati wa upelekaji bidhaa nje ya nchi ambao unaipa kampuni fursa ya kutumia uwezo uliopo kuzalisha mapato ya ziada na kuwa mdau mkubwa katika soko la bia katika ukanda huu. Kiwanda cha bia Arusha tayari kimetengeneza bia ya Castle Lager kwa ajili ya soko la Kenya wakati kiwanda cha Dar es Salaam kinatengeneza bia za kopo za Redds na Castle Lager kwa ajili ya soko la Kenya. Viwanda vya Mbeya na Mwanza vinazalisha kwa mkataba bia kwa ajili ya ya nchi za Zambia na Uganda.

Tanzania Distilleries Limited ("TDL") iliendelea kuweka rekodi nzuri ya mapato/ukuaji, na kumaliza mwaka kwa ukuaji wa asilimia 28% zaidi ya mwaka uliopita. Ukuaji unaweza kuanishwa kama matokeo ya mafanikio ya udhibiti wa bidhaa batili na uingizaji sokoni wa bidhaa mpya (Bismarck Rocks na mvinyo wa Dodoma ). TDL ilizindua mvinyo wa Dodoma na Imagi, zinazozalishwa kwa zabibu kutoka mkoani Dodoma. Mauzo ya mwanzo ya bidhaa hizo yanatia moyo.

Ufanisi na udhibiti mzuri wa matumizi uliwezesha faida ya uendeshaji kufikia asilimia 26% zaidi ya mwaka jana. Hii ilitokana na kuongezeka kwa ukuaji wa mauzo kwenye bidhaa za daraja la juu, pamoja na mafanikio makubwa kutokana na kuongezeka kwa mauzo ya mvinyo na pombe kali. Pesa zilizotokana na uendeshaji zilifikia kiasi cha shilingi Tshs 216 bilioni ambapo kati ya fedha hizo Tshs 40 bilioni zilitumika kulipa kodi ya mapato, na kiasi kilichobakia cha Tshs 176 billioni kilitumika kulipia riba, kugharimia miradi ya kudumu na kupunguza mikopo.

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Mpango wa kuwaendeleza wajasiriamali, ambao ni sehemu ya mradi endelevu kuwaunga mkono wadau wetu kupitia ununuzi wa malighafi zinazozalishwa ndani ya nchi, utaendelea kutoa faida kwa jamii. Tatizo la benki kuchelewa kutoa mikopo kwa wakulima wetu wa shayiri ulipelekea TBL kutoa fedha kwa wakulima hao kuepuka matatizo yaliyotokea mwaka jana na kusababisha upungufu wa mavuno. Kampuni imeendelea kukuza vyanzo vya malighafi zake zinazopatikana hapa nchini, sera ambayo imewezesha kuwepo maisha mapya. Chini ya Mradi wa "SAIDIANA", zaidi ya wakulima wadogo 300 kutoka Nyanda za juu kusini walisajiliwa kama kundi la uzalishaji.

Kwa kuendana na mpango huu, uamuzi wa kuzindua bia ya Eagle Lager kitaifa, pamoja na uzinduzi wa Eagle Dark Lager uliwezesha bidhaa hizo kukua kwa asilimia 26% zaidi ya mwaka uliopita. Mahitaji ya mtama yameongezeka sana yakiendana na ukuaji huu na umepelekea kuingia mkataba na wakulima wa zaidi sehemu mbalimbali nchini. Juhudi hizo zimefanyika pia katika kusaidia ukuaji wa uzalishaji wa

mvinyo mkoani Dodoma, ambapo TDL inawatumia wakulima wadogowadogo wa zabibu kuzalisha bidhaa ya Valeur Brandy pamoja na bidhaa nyinginezo.
Kampuni iliendelea kufuata kanuni za SABMiller za kuwa makini"Responsible Way", mfumo wa mawasilano unaoipa kampuni yetu habari zote na miongozo inayohitajika katika kutekeleza sera yetu ya vileo, na hasa, kanuni ya mawasiliano ya kibiashara. Kama moja ya makampuni yanayoongoza kwa uzalishaji pombe Afrika Mashariki, TBL tunaamini kuwa bidhaa zetu zinachangia wateja wetu wanaokunywa kwa kujali kufurahia maisha. Mbali na hilo, pia tunajali madhara yanayotokana na unywaji pombe usio wa kistaarabu kwa mtu mmojammoja na jamii kwa ujumla. Tumeendelea na mpango wetu wa kuwaelimisha wafanyabiashara wa rejareja kuuza bidhaa zetu kwa kujali.

TBL ni kati ya wadau wakuu wa Mpango wa Taifa wa Usalama Barabarani (National Road Safety) kupitisha michango yetu kwa Baraza la Taifa la Usalama Barabarani (National Road Safety Council), ambalo linawasisitizia wateja kuweka mipango kiustaarabu na kutoendesha gari wakiwa wametumia kilevi. Kampuni imetekeleza wajibu wake wa kuwekeza katika jamii katika maeneo ya Afya, Maji, Elimu na Upatikanaji Ajira.

Mwaka 2010 viwanda vya Kampuni vilishiriki katika ukaguzi maalumu wa Chama cha Taifa cha Kazi na Usalama Kazini (National Occupational and Safety Association (NOSA) kwa ajili ya afya na usalama sehemu ya kazi. Tunajivuna kutangaza kwamba viwanda vyetu vyote vimepata mafanikio kwa kufikia kiwango cha nyota tano. Pia tunajivuna kutangaza kwamba TBL ilishinda tuzo ya Usalama na Afya Mahali pa kazi (Occupational Safety and Health Authority) (OSHA) kwa mwaka 2011. Tuzo hii ilikuwa ni kwa ajili ya kukuza na kubuni utambuzi wa usalama wa kazini na afya mahali pa kazi kitaifa.

Kama sehemu ya mkakati wa maendeleo endelevu, tunaendelea kuwekeza katika maji na katika viwanda vyetu vyote. Msisitizo wetu katika upunguzaji wa matumizi ya maji na nishati umeanza kuonesha mafanikio kidogo, hasa kwa ujenzi wa tanuri la kuchemshia mabaki ya uchafu mkoani Mwanza.

Uwepo wa maji safi na salama ni suala kubwa kwa SABMiller ukichukulia uasili wa matumizi ya maji. Katika kuunga mkono juhudi za serikali za maendeleo katika kupunguza umaskini, kuboresha maisha ya watu nchini na kufikia malengo ya maendeleo ya milenia katika usambazaji maji, TBL ilibuni mpango uitwao"Hakuna Maji, Hakuna Uhai" (No Water, No Life). Mpango huu, ambao hutumia asilimia 70% ya bajeti ya miradi ya kusaidia jamii (CIS) hutumiwa kusaidia miradi ya maji. Mpango huo ulizinduliwa kwa mafanikio mwezi wa Septemba 2010. Maelezo ya namna ya kuomba msaada kutoka Mfuko wa Maji wa TBL yalichapishwa katika magazeti mbalimbali ikifuatiwa na taarifa kwa vyombo vya habari na semina iliyofanywa kwa wadau. Jumla ya Tshs 226 milioni zilitumika pamoja na michango ya wanajamii ya Tshs 235 milioni taslim na misaada mingine mbali mbali, ikinufaisha zaidi ya watu 65,000.

TBL inaamini kuwa "Watu huleta tofauti" na Kampuni inaendelea kuwekeza katika kuwaendeleza wafanyakazi wake. Mwaka uliopita, takribani asilimia 3% ya gharama za wafanyakazi zilitumika katika mafunzo na maendeleo. Kwa wastani, kila mfanyakazi alipata fursa kuhudhuria siku 9.82 za mafunzo, ambazo ni zaidi ya zile siku 7 zinazotolewa na Jamii ya Amerika ya Mafunzo na Maendeleo (American Society for Training and Development). Mafunzo hayo yalihusisha ufundi, mafunzo kwa njia ya mikono katika sehemu zote za uzalishaji wetu na uhandisi. Pia mafunzo yaha yalihusisha masoko, mauzo na huduma kwa wateja na mafunzo ya uendeshaji na maendeleo.

Kampuni bado inabakia kuwajibika na kupambana na maambukizi ya VVU/Ukimwi, kwa kuendelea kutoa elimu juu ya VVU/Ukimwi na kufanya kampeni zinazolenga kuwapa wafanyakazi mbinu za kimaisha ambazo zitasaidia kubadilisha tabia na kuzuia maambukizi miongoni mwa wafanyakazi. Matibabu ya magonjwa nyemelezi na magonjwa ya zinaa (STDs) yanapatikana bure kwenye vituo vyote vya afya vya TBL. Dawa za kupunguza makali ya ugonjwa wa UKIMWI (ARVs) (kwa wanaostahili) pamoja na dawa nyingine za vitamini pia zinatolewa bure kwa wafanyakazi wote na ndugu zao walioathirika. Kama hatua mojawapo ya kinga, pia tunatoa kondomu bure kwa wafanyakazi wetu. Ushauri nasaha wa hiyari na upimaji wa VVU bado unaendelea katika vituo vyetu vyote vya afya. Mwisho wa mwaka wa fedha wa 2011 zaidi ya asilimia 80 ya wafanyakazi wetu wote walipata ushauri nasaha kwa hiyari yao wenyewe na upimaji wa VCT na kujua hali za afya zao. Kama sehemu ya kudhibiti magonjwa ya TB/HIV, moja ya vituo vyetu vya afya (DSM) kimefanikiwa kufungua kliniki ya ugonjwa wa Kifua Kikuu (TB) ambapo dawa zake zinatolewa bure (na Serikali ya Tanzania), kwa waajiriwa na jamii inayozunguka.

Mtazamo kwa mwaka unaokuja utategemea uendelevu wa uchumi, upatikanaji wa mambo muhimu na miundo mbinu pamoja na uimara wa Shilingi ya Tanzania. Hata hivyo, Bodi bado ina matumaini kwamba Tanzania Breweries itaendeleza rekodi yake ya kujivunia ya kuongeza mapato kwa mwaka unaokuja.

**Robin Goetzsche**
**Mkurugenzi Mtendaji**

# TBL Responsible Way - Kuwajibika kwa TBL

### 1. RESPONSIBLE ALCOHOL USE

TBL Group practices and promotes the responsible use of alcohol by those who have decided to consume our products, while at the same time endeavouring to prevent alcohol misuse and abuse.

### 2. ALCOHOL POLICY

Our alcohol policy sets a consistent national standard that TBL group companies must meet or exceed, and is integral to how we do business.

### 3. EMPLOYEES' BEHAVIOR

TBL group companies have an alcohol policy in place, which provides guidelines on responsible behavior.

### 4. COMMERCIAL COMMUNICATION

Our Compliance Committee meets periodically to monitor and review commercial communications presented by respective directorates, and develop recommendations and endorsements while ensuring that these comply with the Company Alcohol Policy, existing legislation, statutory regulations and self-regulatory codes and the SABMiller Plc Code of Commercial Communication.

### 5. DRINKING AND DRIVING

In partnership with the National Road Safety Council and Tanzania Police Force we have continued to remind drivers and the community through our campaign Drink Responsibly, Drive Responsibly. Annually we sponsor branded T-shirts on responsible drinking, and also part of the Road Safety Week.

### 6. UNDER AGE DRINKING

Our underage restriction signage " Watoto chini ya miaka 18 hawaruhusiwi" reminds all parents and the community that we are active partners with them in efforts to prevent underage access in line with the liquor law.

Our cooperation with retail sales people presents a united front and strengthens the retailer's hand in refusing alcohol sales to anyone under the age of 18.

### 7. TRADE BREWING

We have been hosting Barman's guild or Beer connoisseurs training for retail establishments to equip our partners with the skills necessary to serve alcohol responsibly as well as intervene effectively with those who may have over-consumed. The program has been directed at bartenders, waiters and waitresses at beer outlets and restaurants store clerks and managers in bulk stores, liquor and grocery stores.

### 1. MATUMIZI MAZURI YA VILEO

TBL na kampuni zake tanzu inatumia na kutangaza matumizi mazuri ya
vileo kwa wale walioamua kutumia bidhaa zetu, na wakati huohuo tukijitahidi kuzuia matumizi yasiyofaa na mabaya ya vileo.

### 2. SERA YA VILEO

Sera yetu ya vileo imeweka viwango vya kitaifa vilivyo thabiti ambavyo TBL na kampuni zake tanzu inapaswa kuvifikia au kuvipita, na ni muhimu kwa jinsi tunavyofanya shughuli za Kibiashara.

### 3. TABIA ZA WAFANYAKAZI

TBL na kampuni zake tanzu ina sera ya vileo kwa wafanyakazi inayotumika ambayo inatoa miongozo kuhusiana na matumizi mazuri na ya kuwajibika ya vileo.

### 4. MAWASILIANO YA KIBIASHARA

Kamati yetu ya Ridhaa inakutana mara kwa mara ili kufuatilia na kupitia
mawasiliano ya kibiashara yanayowasilishwa na kurugenzi husika, na kutoa mapendekezo na idhini na wakati huohuo ikihakikisha kuwa yanakubaliana na Sera ya Vileo ya Kampuni, Sheria zilizopo, kanuni zilizokubalika na kanuni za udhibiti binafsi na Kanuni za SABMiller za Mawasiliano ya Kibiashara.

### 5. KUNYWA VILEO NA KUENDESHA GARI

Kwa kushirikiana na Baraza la Taifa la Usalama Barabarani na Jeshi la Polisi Tanzania, tumeendelea kuwakumbusha madereva na wananchi kupitia kampeni yetu, Kunywa kwa Kiasi Endesha kwa Uangalifu.

### 6. UNYWAJI VILEO KATIKA UMRI MDOGO

Msemo wetu wa kudhibiti matumizi ya vileo katika umri mdogo, "Watoto chini ya miaka 18 hawaruhusiwi" unawakumbusha wazazi na jamii yote kuwa tunashirikiana nao katika jitihada zetu za kuzuia watoto kupata mwanya wa kutumia vileo kama sheria ya vileo inavyosema.

Ushirikiano wetu na wauzaji reja reja wa bidhaa zetu ni nguvu dhabiti inayowaimarisha wauzaji hao katika kuhakikisha hawauzi vileo kwa yeyote mwenye umri chini ya miaka 18.

### 7. BIASHARA YA UTENGENEZAJI WA VILEO

Tumekuwa tukidhamini mafunzo ya vyama vya wenye baa na pia magwiji wa bia yanayohusiana na uanzishaji wa bishara za rejareja ili kuwapa washirika wetu ujuzi wa kutoa huduma kwa kiasi pamoja na kuwadhibiti ipasavyo wale wote watakaokuwa wametumia vileo kupita kiasi. Jitihada hizi zimeelekezwa kwa wahudumu wa kiume na wa kike katika baa na migahawa na kwa makarani na mameneja wa maduka ya jumla ya vileo na ya vyakula.

# Kilimanjaro Premium Lager

Named after the country's iconic mountain, this crisp, moderate 4.5% ABV beer is an easy-drinking proudly Tanzanian lager. It is light-bodied with a balanced bitterness taste to deliver a lingering, consistently refreshing and enjoyable drinking experience.

Kilimanjaro Premium Lager, in its current format, was launched in 1996 to target a younger segment of the market and provide an alternative offering to the stronger Safari Lager.

KILIMANJARO
PREMIUM LAGER

BONGE LA KIBURUDISHO
KWA WATANZANIA


## Light bodied with a balanced flavour profile

Kilimanjaro Premium Lager is for Tanzanians who are proud of their origins and culture and inspires them to reach greater heights. To this end, Kilimanjaro Premium Lager sponsors key local assets such as the Kili Music Awards, the leading football clubs, Simba and Yanga amongst others.

## Refreshes a Tanzanian Thirst

# Statement of Directors' Responsibilities

For the year ended 31 March 2011

The Companies Act, Cap 212 Act No.12 of 2002 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss. It also requires the directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act, Cap 212 Act No.12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss in accordance with International Financial Reporting Standards.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement. To enable the directors to meet these responsibilities they set 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 risks across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimize it by ensuring the 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 external auditors are responsible for independently reviewing and reporting on the Company's financial statements. The financial statements have been examined by the external auditors and their report is presented on page 25.

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

cdmsuya

Hon. C.D. Msuya DATE: 29th July, 2011
Chairman

# Report of the Independent Auditor

to the members of Tanzania Breweries Limited
For the year ended 31 March 2011

**Report on the financial statements**

We have audited the accompanying financial statements of Tanzania Breweries Limited ("the Company") and its subsidiaries Tanzania Distilleries Limited and Kibo Breweries Limited (together "the Group"), which comprise the balance sheets as at 31 March 2011, and the profit and loss accounts, statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Directors' responsibility for the financial statements**

As described in the Statement of Directors' Responsibilities, the Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of Companies Act, CAP 212 Act No. 12 of 2002. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the accompanying financial statements give a true and fair view of the state of the company's and group's affairs as at 31 March 2011 and of their profits and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the Companies Act, CAP 212 Act No. 12 of 2002.

**Report on Other Legal and Regulatory Requirements**

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with Companies Act, CAP 212 Act No. 12 of 2002 and for no other purposes.

As required by Companies Act, CAP 212 Act No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. There is no matter to report in respect of the foregoing requirements.

PRICEWATERHOUSECOOPERS

Certified Public Accountants
Dar es Salaam

Signed by Leonard C. Mususa

29th July, 2011

# Profit and Loss Accounts

For the year ended 31 March 2011

| | Notes | Group 2011 Tshs'M | Group 2010 Tshs'M | Company 2011 Tshs'M | Company 2010 Tshs'M |
|---|---|---|---|---|---|
| Revenue | 6 | **635,863** | 527,768 | **543,922** | 462,830 |
| Cost of sales | 7 | **(318,845)** | (273,526) | **(270,954)** | (242,760) |
| **Gross profit** | | **317,018** | 254,242 | **272,968** | 220,070 |
| Selling and distribution costs | 7 | **(96,063)** | (75,188) | **(89,818)** | (71,356) |
| Administrative expenses | 7 | **(48,178)** | (36,662) | **(43,442)** | (29,838) |
| Other income | 9 | **4,874** | 4,703 | **16,768** | 13,216 |
| Derivative income/(losses) | 10 | **5,859** | (1,150) | **5,859** | (1,150) |
| **Operating profit** | | **183,510** | 145,945 | **162,335** | 130,942 |
| Finance income | 11 | **1,452** | 831 | **1,452** | 831 |
| Finance costs | 11 | **(11,779)** | (12,934) | **(10,807)** | (11,614) |
| Profit before income tax | | **173,183** | 133,842 | **152,980** | 120,159 |
| Income tax expense | 12 | **(51,488)** | (41,393) | **(42,894)** | (34,664) |
| **Profit for the year** | | **121,695** | 92,449 | **110,086** | 85,495 |

# Statements of Comprehensive Income

For the year ended 31 March 2011

| | Notes | Group 2011 Tshs'M | Group 2010 Tshs'M | Company 2011 Tshs'M | Company 2010 Tshs'M |
|---|---|---|---|---|---|
| Profit for the year | | **121,695** | 92,449 | **110,086** | 85,495 |
| **Total comprehensive income** | | **121,695** | 92,449 | **110,086** | 85,495 |
| **Attributable to:** | | | | | |
| Non-controlling interests | | **7,528** | 5,000 | | |
| Equity holders of the Company | | **114,167** | 87,449 | | |
| | | **121,695** | 92,449 | | |
| **Basic earnings per share (Tshs)** | **13** | **387.1** | 296.5 | | |
| **Diluted earning per share (Tshs)** | **13** | **387.1** | 296.5 | | |
| **Dividend per Share (Tshs)** | **14** | **-** | 150.0 | | |

# Balance Sheets

As at 31 March 2011

| | Notes | Group 2011 Tshs'M | Group 2010 Tshs'M | Company 2011 Tshs'M | Company 2010 Tshs'M |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 15 | **312,368** | 290,322 | **306,441** | 285,101 |
| Intangible assets | 16 | **40,964** | 40,913 | **1,334** | 1,283 |
| Investments | 17 | **88** | 88 | **45,108** | 45,108 |
| Prepaid lease | 27 | **1,004** | - | **-** | - |
| | | **354,424** | 331,323 | **352,883** | 331,492 |
| **Current assets** | | | | | |
| Inventories | 18 | **97,302** | 83,510 | **84,419** | 73,784 |
| Accounts receivable | 19 | **20,624** | 25,585 | **17,237** | 25,470 |
| Income tax recoverable | | **-** | 5,222 | **-** | 5,665 |
| Bank and cash balances | 20 | **52,263** | 8,027 | **51,156** | 6,141 |
| | | **170,189** | 122,344 | **152,812** | 111,060 |
| **Total assets** | | **524,613** | 453,667 | **505,695** | 442,552 |
| **EQUITY** | | | | | |
| **Capital and reserves attributable to the Company's equity holders** | | | | | |
| Share capital | 21 | **29,493** | 29,493 | **29,493** | 29,493 |
| Share premium | | **45,346** | 45,346 | **45,346** | 45,346 |
| Retained earnings | | **236,674** | 122,508 | **230,306** | 120,220 |
| | | **311,513** | 197,347 | **305,145** | 195,059 |
| **Non-controlling interests** | | **5,759** | 3,878 | **-** | - |
| **Total equity** | | **317,272** | 201,225 | **305,145** | 195,059 |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Borrowings | 25 | **61,475** | 41,842 | **61,475** | 41,842 |
| Deferred income tax liabilities | 22 | **29,070** | 29,340 | **28,387** | 28,836 |
| Provisions | 23 | **274** | 301 | **274** | 301 |
| | | **90,819** | 71,483 | **90,136** | 70,979 |
| **Current liabilities** | | | | | |
| Trade and other payables | 24 | **91,973** | 79,456 | **85,750** | 75,861 |
| Borrowings | 25 | **18,125** | 101,503 | **18,125** | 100,653 |
| Income tax payable | | **6,424** | - | **6,539** | - |
| | | **116,522** | 180,959 | **110,414** | 176,514 |
| **Total liabilities** | | **207,341** | 252,442 | **200,550** | 247,493 |
| **Total equity and liabilities** | | **524,613** | 453,667 | **505,695** | 442,552 |

The financial statements on pages 26 to 64 were authorised for issue by the board of directors and they were signed on its behalf by:-

Hon. C.D. Msuya
Chairman

DATE: 29th July, 2011

# Statements of Changes in Equity

For the year ended 31 March 2011

| | Notes | Share Capital | Share Premium | Retained Earnings | Minority interest | Total Equity |
|---|---|---|---|---|---|---|
| | | Attributable to equity holders of the Company | | | | |
| | Notes | Tshs'M | Tshs'M | Tshs'M | Tshs'M | Tshs'M |
| **GROUP** | | | | | | |
| **Year ended 31 March 2010** | | | | | | |
| Balance at 1 April 2009 | | 29,493 | 45,346 | 79,298 | 2,718 | 156,855 |
| *Comprehensive income* | | | | | | |
| Profit for the year | | - | - | 87,449 | 5,000 | 92,449 |
| *Transactions with owners* | | | | | | |
| *Dividends paid* | 14 | - | - | (44,239) | (3,840) | (48,079) |
| **Balance at 31 March 2010** | | **29,493** | **45,346** | **122,508** | **3,878** | **201,225** |
| **Year ended 31 March 2011** | | | | | | |
| Balance at 1 April 2010 | | 29,493 | 45,346 | 122,508 | 3,878 | 201,225 |
| *Comprehensive income* | | | | | | |
| Profit for the year | | - | - | 114,166 | 7,528 | 121,694 |
| Transactions with owners | | | | | | |
| Dividends paid | 14 | - | - | - | (5,647) | (5,647) |
| **Balance at 31 March 2011** | | **29,493** | **45,346** | **236,674** | **5,759** | **317,272** |
| **COMPANY** | | | | | | |
| **Year ended 31 March 2010** | | | | | | |
| Balance at 1 April 2009 | | 29,493 | 45,346 | 78,964 | - | 153,803 |
| *Comprehensive income* | | | | | | |
| Profit for the year | | - | - | 85,495 | - | 85,495 |
| *Transactions with owners* | | | | | | |
| *Dividends paid* | 14 | - | - | (44,239) | - | (44,239) |
| **Balance at 31 March 2010** | | **29,493** | **45,346** | **120,220** | **-** | **195,059** |
| Year ended 31 March 2011 | | | | | | |
| Balance at 1 April 2010 | | **29,493** | **45,346** | **120,220** | **-** | **195,059** |
| *Comprehensive income* | | | | | | |
| Profit for the year | | - | - | 110,086 | - | 110,086 |
| **Balance at 31 March 2011** | | **29,493** | **45,346** | **230,306** | **-** | **305,145** |

# Cash Flow Statements

For the year ended 31 March 2011

| | Notes | Group 2011 Tshs'M | Group 2010 Tshs'M | Company 2011 Tshs'M | Company 2010 Tshs'M |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | 30(i) | **215,685** | 165,337 | **198,868** | 152,538 |
| Interest paid | | **(11,779)** | (10,906) | **(10,807)** | (9,586) |
| Interest received | | **1,452** | 831 | **1,452** | 831 |
| Income tax paid | 30(ii) | **(40,112)** | (35,138) | **(31,139)** | (28,989) |
| **Net cash inflow from operating activities** | | **165,246** | 120,124 | **158,374** | 114,794 |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment | 15 | **(51,389)** | (113,488) | **(50,211)** | (111,665) |
| Purchase of intangible assets | 16 | **(536)** | (728) | **(536)** | (728) |
| Proceeds from disposal of investment in associate company | | **-** | 2,347 | **-** | 2,347 |
| Proceeds from disposal of property, plant and equipment | | **163** | 276 | **139** | 223 |
| Net cash used in investing activities | | **(51,762)** | (111,593) | **(50,608)** | (109,823) |
| **Cash flows from financing activities** | | | | | |
| Unclaimed dividends /(dividends paid) to company share-holders | 30(iii) | **144** | (43,581) | **144** | (43,581) |
| Dividends paid to minority interests | 30(iii) | **(5,647)** | (3,840) | **-** | - |
| Proceeds from corporate bonds | | **52,100** | - | **52,100** | - |
| (Repayments)/proceeds from bank borrowings | | **(18,568)** | 44,780 | **(18,568)** | 44,780 |
| (Repayment)/proceeds from parent company loan | | **(41,842)** | 41,842 | **(41,842)** | 41,842 |
| Net cash (utilised in)/generated from financing activities | | **(13,813)** | 39,201 | **(8,166)** | 43,041 |
| **Net increase in cash and cash equivalents** | | 99,671 | **47,732** | 99,600 | **48,012** |
| Cash and cash equivalents at the start of year | | (48,696) | **(96,428)** | (49,732) | **(97,744)** |
| Cash and cash equivalents at the end of year | 20 | **50,975** | (48,696) | **49,868** | (49,732) |

Ndovu Special Malt was originally launched in the late 1990's as Ndovu Lager, a 4.0% ABV brand.

In late 2009, Ndovu Special Malt's premium cues were taken to a new level following its relaunch as a 4.8% ABV brand brewed with unique crystal malt and packaged in a green 375 ml bottle with a gold-foiled neck – the first truly Tanzanian local premium brand in a smaller green bottle.

Its premium position was further cemented in 2010 when Ndovu Special Malt was awarded a Monde Section Grand Gold Medal for quality. Another first for Tanzania.


Monde Selection Grand Gold Medal 2010


**4.8% ABV**

## Something special.

Tanzania's first local premium lager brewed with unique crystal malt.

Ndovu Special Malt.
Beyond the ordinary, naturally.

# Dodoma and Imagi Organic Wine

The potential for grape growing in the Dodoma Region has been recognised ever since it was introduced by settlers in the early 1900’s because of the favourable climate and fertile soils. Since then grape growing has see-sawed over the years until a grape growing program for farmers was introduced at the Makutupura Vocational and Research Centre in Dodoma with the aim of improving the crop and increasing production.

Farmers trained at the centre in organic vine cultivation then went out and shared their knowledge with farmers in the region. The success of their  efforts has been borne out by the launching of the Dodoma and Imagi ranges of white and red wine, organic wine that is unique with an unmistakable character.

## 1 GENERAL INFORMATION

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

Uhuru Street,
Mchikichini, Ilala District,
Plot 79, Block “AA”,
P O Box 9013,
Dar es Salaam, Tanzania

## 2 SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of preparation

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzanian Shillings (TSh), rounded to the nearest million.

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

### *Changes in accounting policy and disclosures*

*New and amended standards adopted by the Group*

IFRS 3 (revised), ‘Business combinations’, and consequential amendments to IAS 27, ‘Consolidated and separate financial statements’, IAS 28, ‘Investments in associates’, and IAS 31, ‘Interests in joint ventures’, are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through profit or loss. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition related costs are expensed.

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured at fair value, and a gain or loss is recognised in profit or loss. IAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

Classification of rights issues’ (amendment to IAS 32) – effective 1 February 2010. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 ‘Accounting policies, changes in accounting estimates and errors’. There were no changes resulting from this amendment as there have been no rights issues that are denominated in foreign currency.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The Group's assessment of the impact of these new standards, amendments and interpretations is set out below:

IFRS 9, 'Financial instruments' – effective 1 January 2013. Part 1 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by- instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

IFRS 9, part 2 was issued in October 2010 and includes guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation of financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and Measurement', without change except for financial liabilities that are designated at fair value through profit or loss.

Under the new standard, entities with financial liabilities at fair value through profit or loss recognise changes in the liability's credit risk directly in other comprehensive income.  There is no subsequent recycling of the amounts in other comprehensive income to profit or loss, but accumulated gains or losses may be transferred within equity.

**The Group is yet to assess IFRS 9's full impact.**

IAS 24 (Revised) 'Related party disclosures' – effective 1 January 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. When the revised standard is applied, the subsidiaries of the Group will need to disclose any transactions between itself and associates of its parent Company. The Group is currently putting systems in place to capture the necessary information. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on the related party disclosures.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments' - effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. It is not expected to have any impact on the Group's financial statements.

Prepayments of a minimum funding requirement' (amendments to IFRIC 14). – effective 1 January 2011. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments should be applied retrospectively to the earliest comparative period presented. It is not expected to have any impact on the Group's financial statements.

**(b) Consolidation**

**(i) Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies. This generally accompanies a shareholding of more than one half of voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control passed to the Group and are de-consolidated from the date that control ceases. The Group uses the acquisition method of accounting to account for the acquisition of subsidiaries.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets and liabilities and contingent liabilities assumed are measured at fair value, at acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit and loss account. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**(ii) Transactions and minority interests**

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

**(iii) Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

**(c) Segment reporting**

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

The Group's segmental analyses are in accordance with the basis the businesses are managed. The Group presents its segment analysis in Note 5.

**(d) Foreign currency translation**

**(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

Foreign currency transactions are translated into Tanzania Shillings using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into Tanzania Shillings at rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

**(e) Property, plant and equipment**
All property, plant and equipment are shown at cost, less subsequent depreciation and impairment. Cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or Company and the cost of the item can be reliably measured.

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

| | |
|---|---|
| Leasehold buildings | Shorter of the lease term or 50 years |
| Plant and machinery | 10 – 15 years |
| Furniture, equipment and vehicles | 3 – 12 years |

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

This is typically undertaken in a two stage process:

- The excess over deposit value is written down over a period of 1-3 years.
- Provisions are made against the deposit values for breakages and loss in trade together with a design obsolescence provision held to write off the deposit value over the expected bottle design period which is a period of no more than 10 years from inception of a bottle design. This period is shortened where appropriate by reference to market dynamics and the ability of the entity to use bottles for different brand.

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

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

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

**(f) Intangible assets**

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

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in the profit and loss account and is not reversed.

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

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring them to use. Direct costs associated with the production of identifiable and unique internally generated software products controlled by the Group or Company that will probably generate economic benefits exceeding costs beyond one year are capitalised. Direct costs include software development employment costs (including those of contractors used) and an appropriate portion of overheads. Capitalised computer software, license and development costs are amortised over their useful economic lives of between 3 and 5 years.

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

**(g) Impairment of assets**

This policy covers all assets except inventories (see note h), financial assets and deferred income tax assets (see note o).

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

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

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

When an impairment is recognised, the impairment loss is held firstly against any specifically impaired assets of the CGU, then taken against goodwill balances and if there is a remaining loss it is set against the remaining intangible and tangible assets on a pro-rata basis.

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

Intangible non-current assets with an indefinite life and goodwill are tested annually for impairment. Assets subject to amortisation are reviewed for impairment if circumstances or events change to indicate that the carrying value may not be fully recoverable.

**(h) Inventories**

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

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

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

**(i) Deposits by customers**

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

### (j) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost.

Provision for impairment of trade receivables is established when there is objective evidence that the Group or Company will not be able to collect all amounts due according to the terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. This provision is recognised in the profit and loss account.

### (k) Cash and cash equivalents

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

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

### (l) Share capital

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

### (m) Trade payables

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

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

### (n) Provisions

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

### (o) Income tax

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

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

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

### (p) Operating leases

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

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

**(q) Employee benefits**

**(i) Bonus plans**

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

**(ii) Defined contribution plan**

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

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group's contributions are recognised as employee benefit expense when they are due.

**(iii) Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

**(r) Earnings per share**

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

Diluted earnings per share represent the profit on ordinary activities after taxation attributable to the equity shareholders, divided by the weighted average number of ordinary shares in issue during the year, less the weighted average number of ordinary shares held in the Group's employee benefit trust during the year, plus the weighted average number of dilutive shares resulting from share options and other potential ordinary shares outstanding during the year.

**(s) Dividends distribution**

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

**(t) Revenue recognition**

**(i) Sale of goods**

Revenue represents the fair value of consideration received or receivable for goods sold to third parties and is recognised when the risks and rewards of ownership are substantially transferred.

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

Revenue excludes value added tax. It is stated net of price discounts, promotional discounts and after an appropriate amount has been provided to cover the sales value of credit notes yet to be issued that relate to the current and prior periods.

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

**(ii) Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

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

### (iv) Dividend income
Dividend income is recognised when the right to receive payment is established.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

These include derivatives embedded in host contracts. Such embedded derivatives need not be accounted for separately if the host contract is already fair valued; if it is not considered as a derivative if it was freestanding; or if it can be demonstrated that it is closely related to the host contract. There are certain currency exemptions which the Group and Company have applied to these rules which limit the need to account for certain potential embedded foreign exchange derivatives, namely where a contract is denominated in the functional currency of either party or in a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place.

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the balance sheet, depending on when they are expected to mature. For derivatives that have not been designated to a hedging relationship, all fair value movements are recognised immediately in the profit and loss account.

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

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

### i) Property and equipment
Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment and their residual values. The rates used are set out in Note 2(e).

### (ii) Income tax
Significant judgement is required in determining the Company's and Group's overall income tax provision or estimated future recovery of income tax losses. There are many transactions and calculations, for which the ultimate tax determination is uncertain. The Company and Group recognises liabilities for anticipated tax audit issues, based on estimates of whether additional taxes will be due. Where the final outcome of tax matters is different from the amounts that were initially recorded, such differences will have an impact on the current and any deferred income tax provisions in the periods in which the determination is made.

## 4 FINANCIAL RISK MANAGEMENT

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

### Market risk

#### (i) Foreign exchange risk

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

Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies. Occasionally, when considered prudent, exposure to foreign currency risk is hedged, by forward contracts.

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

The tables below set out the group's currency exposures from financial assets and liabilities held by the group companies in currencies other than their functional currencies and resulting in exchange movements in the income statement and balance sheet.

| **31 March 2011** | **Exposure in ZAR** | **Exposure in US$** | **Exposure in Euros** | **Total Exposure** |
|---|---|---|---|---|
| | **Tshs`M** | **Tshs`M** | **Tshs`M** | **Tshs`M** |
| **Financial assets/(liabilities)** | | | | |
| Cash and cash equivalents | 346 | 5287 | 3624 | 9,257 |
| Trade and other payables | 765 | (7,750) | (4,483) | (11,468) |
| **Net monetary liabilities** | **1,111** | **(2,463)** | **(859)** | **(2,211)** |
| **31 March 2010** | | | | |
| **Financial assets/(liabilities)** | | | | |
| Cash and cash equivalents | 256 | 1,023 | 2,522 | 3,801 |
| Trade and other payables | (408) | (4,510) | (46) | (4,964) |
| **Net monetary liabilities** | **(152)** | **(3,487)** | **(2,476)** | **(1,163)** |

At 31 March 2011, if the Tanzania shilling (Tshs) had weakened/strengthened by 10% (2010: 10%) against the US dollar with all other variables held constant, Group's post-tax profit for the year would have been Tshs 172 million (2010: Tshs 244 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated cash and cash equivalents and trade and other payables. Similarly, the effect on the Company's post- tax profit for the year would have been Tsh 260 million (2010: Tshs 212 million).

At 31 March 2011, if the Tanzania shilling (Tshs) had weakened/strengthened by 10% (2010: 10%) against the Euro with all other variables held constant, Group's post-tax profit for the year would have been Tshs 60 million (2010: Tshs 174 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated cash and cash equivalents and trade and other payables. Similarly, the effect on the Company's post- tax profit for the year would have been Tsh 60 million (2010: Tshs 114 million).

At 31 March 2010, if the Tanzania shilling (Tshs) had weakened/strengthened by 10% (2010: 10%) against the SA Rand with all other variables held constant, Group's and Company's post-tax profit for the year would have been Tshs 78 million (2010: Tshs 10 million) lower/higher, mainly as a result of foreign exchange losses/gains on translation of SA Rand-denominated cash and cash equivalents and trade and other payables.

### (ii) Cash flow and fair value interest rate risk

The Group's and Company's interest bearing financial liabilities include its bank overdrafts, short-term loans and corporate bonds, some of which are at a variable rate, and on which it is therefore exposed to cash-flow interest rate risk. The Group and Company regularly monitors financing options available to ensure optimum interest rates are obtained. At 31 March 2011, an increase/ decrease of 100 basis points(2010 : 100 basis points) would have resulted in a decrease/increase in post tax profit of the Group and Company of Tshs 103 million (2010: Tshs 383 million).

### Credit risk

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

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

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

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **Tshs'M** | Tshs'M | **Tshs'M** | Tshs'M |
| **Trade receivables** | | | | |
| Counterparties without external credit rating: | | | | |
| Group 1 - New customers | **591** | 148 | **484** | 1,706 |
| Group 2 - Existing customers with no past defaults | **5,980** | 14,681 | **4,354** | 12,508 |
| | **6,571** | 14,829 | **4,838** | 14,214 |

There is no independent credit rating for banks operating in Tanzania. However, the Company's bankers are subsidiaries of reputable international banks.

The group's and company's maximum exposure to credit risk is made up as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **Tshs'M** | Tshs'M | **Tshs'M** | Tshs'M |
| Cash at bank and short term bank deposits | **52,125** | 7,918 | **51,078** | 6,076 |
| Trade receivables | **6,999** | 14,898 | **5,266** | 14,283 |
| Receivables from related companies | **-** | 255 | **5,072** | 3,531 |
| Other receivables (excluding prepayments) | **11,525** | 5,827 | **5,670** | 3,766 |
| | **70,649** | 28,898 | **67,086** | 27,656 |

All major credit customers are required to give collateral in the form of cash deposits or bank guarantees. Credit risk is managed by limiting the aggregate amount of exposure to any counterparty. The trade receivables balances are net of these cash deposits and bank guarantee balances.

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **Tshs'M** | Tshs'M | **Tshs'M** | Tshs'M |
| **Collateral held comprises:** | | | | |
| Cash security | **12,028** | 6,978 | **12,028** | 6,978 |
| Bank guarantees | **5,766** | 4,614 | **5,766** | 4,614 |
| | **17,794** | 11,592 | **17,794** | 11,592 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **Tshs'M** | Tshs'M | **Tshs'M** | Tshs'M |
| Past due but not impaired: | | | | |
| - by up to 30 days | **429** | 351 | **308** | 298 |
| - by 31 to 60 days | **274** | 345 | **263** | 329 |
| - by over 60 days | **729** | 636 | **685** | 612 |
| Total past due but not impaired | **1,432** | 1,332 | **1,256** | 1,239 |
| | | | | |
| Receivables individually determined to be impaired: | | | | |
| Carrying amount before provision for impairment loss | **1,451** | 1,490 | **1,358** | 1,421 |
| Provision for impairment loss | **(1,023)** | (1,421) | **(930)** | (1,352) |
| Net carrying amount | **428** | 69 | **428** | 69 |

### Liquidity risk

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

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

The table below shows the availability of funding from Banks and their related utilisation at the balance sheet dates.

| **Group** | **31 March 2011** | | **31 March 2010** | |
|---|---|---|---|---|
| | **Credit limit** | **Utilised** | Credit limit | Utilised |
| **Banks** | **Tshs'M** | **Tshs'M** | Tshs'M | Tshs'M |
| Stanbic Bank Tanzania Limited | **9,000** | **-** | 9,000 | 7,269 |
| Standard Chartered Bank Tanzania Limited | **30,000** | **-** | 30,000 | 27,447 |
| Citibank Tanzania Limited | **9,000** | **-** | 9,000 | 584 |
| National Bank of Commerce Limited | **21,000** | **6,567** | 21,000 | 13,262 |
| CRDB Bank Plc | **26,000** | **1,288** | 26,000 | 19,747 |
| National Microfinance Bank Plc | **39,780** | **10,270** | 39,780 | 33,194 |
| | **134,780** | **18,125** | 134,780 | 101,503 |
| **Company** | | | | |
| Stanbic Bank Tanzania Limited | **9,000** | **-** | 9,000 | 6,932 |
| Standard Chartered Bank Tanzania Limited | **30,000** | **-** | 30,000 | 27,447 |
| Citibank Tanzania Limited | **9,000** | **-** | 9,000 | 71 |
| National Bank of Commerce Limited | **21,000** | **6,567** | 21,000 | 13,262 |
| CRDB Bank Plc | **26,000** | **1,288** | 26,000 | 19,747 |
| National Microfinance Bank Plc | **39,780** | **10,270** | 39,780 | 33,194 |
| | **134,780** | **18,125** | 134,780 | 100,653 |

The table below analyses the group's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet 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.

| | Group | | Company | |
|---|---|---|---|---|
| | Within 1 year | Between 2 and 5 years | Within 1 year | Between 2 and 5 years |
| | Tshs'M | Tshs'M | Tshs'M | Tshs'M |
| **At 31 March 2011** | | | | |
| Borrowings | 18,125 | 61,475 | 18,125 | 61,475 |
| Interest on borrowings | 6,899 | 13,218 | 6,899 | 13,218 |
| Trade and other payables | 91,973 | - | 85,750 | - |
| **At 31 March 2010** | | | | |
| Borrowings | 101,503 | 41,842 | 100,653 | 41,842 |
| Interest on borrowings | 10,150 | 1,832 | 10,150 | 1,832 |
| Trade and other payables | 79,456 | - | 75,861 | - |

**Capital management**

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

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

During the year ended 31 March 2011 the Group's and Company's strategy, which was naturally unchanged from the prior year, was to maintain a gearing ratio of below 60%. The gearing ratios at 31 March 2011 and 2010 were as follows:

| **Group** | **Note** | **2011** | **2010** |
|---|---|---|---|
| Total borrowings | 25 | **79,600** | 143,345 |
| Less: cash at bank and in hand | 20 | **(52,263)** | (8,027) |
| Net debt | | **27,337** | 135,318 |
| Total equity | | **317,272** | 201,225 |
| Total capital | | **344,609** | 336,543 |
| Gearing ratio | | **8%** | 40% |
| **Company** | | | |
| Total borrowings | 25 | **79,600** | 142,495 |
| Less: cash at bank and in hand | 20 | **(51,156)** | (6,141) |
| Net debt | | **28,444** | 136,354 |
| Total equity | | **305,145** | 195,059 |
| Total capital | | **333,589** | 331,413 |
| Gearing ratio | | **9%** | 41% |

## 5 BUSINESS SEGMENTS INFORMATION

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

The board of directors considers the business from market product and perspectives. Market wise, management considers the main lines through which the Group derives its revenue. Costs relating to the general group management are shared between the Company and its subsidiaries. The Group is currently organised into two main operating divisions; – Clear Beer and Wines and Spirits.The segment information provided by management for the reportable segments for the year ended 31 March 2011 is as follows:

| Year ended 31 March 2011 | Clear Beer | Wines & Spirits | Eliminations | Total Group |
|---|---|---|---|---|
| | Tshs'M | Tshs'M | Tshs'M | Tshs'M |
| **Revenue** | | | | |
| Exports | 6,887 | 164 | - | 7,051 |
| Local | 537,035 | 91,777 | - | 628,812 |
| Total segment revenue | 543,922 | 91,941 | - | 635,863 |
| Operating profit | 162,335 | 31,075 | (9,900) | 183,510 |
| Finance costs | (9,355) | (972) | - | (10,327) |
| Profit before tax | 152,980 | 30,103 | (9,900) | 173,183 |
| Income tax | (42,894) | (8,594) | - | (51,488) |
| **Profit for the year** | **110,086** | **21,509** | **(9,900)** | **121,695** |
| Depreciation amortisation and breakages | 29,044 | 472 | - | 29,516 |
| **Segment assets, liabilities and capital expenditure** | | | | |
| **Assets** | | | | |
| Investments | 45,108 | - | (45,020) | 88 |
| Other non-current assets | 307,775 | 6,870 | 39,691 | 354,336 |
| Current assets | 152,812 | 30,613 | (13,236) | 170,189 |
| | **505,695** | **37,483** | **(18,565)** | **524,613** |
| **Liabilities and equity** | | | | |
| Current liabilities | 110,414 | 20,974 | (14,866) | 116,522 |
| Non current liabilities | 90,136 | 683 | - | 90,819 |
| Owner's equity | 305,145 | 15,826 | (9,458) | 311,513 |
| Minority interest | - | - | 5,759 | 5,759 |
| | **505,695** | **37,483** | **(18,565)** | **524,613** |
| **Capital expenditure** | | | | |
| Property, plant and equipment | 50,211 | 1,178 | - | 51,389 |
| Intangible assets | 536 | - | - | 536 |
| | **50,747** | **1,178** | **-** | **51,925** |

| Segment Cash flows 2011 | Clear Beer | Wines & Spirits | (Eliminations) | Total Group |
|---|---|---|---|---|
| | Tshs'M | Tshs'M | Tshs'M | Tshs'M |
| From operating activities | 158,374 | 6,872 | - | 165,246 |
| From investing activities | (50,608) | (1,154) | - | (51,762) |
| From financing activities | (8,166) | (5,647) | - | (13,813) |
| Net increase in cash and cash equivalents | 99,600 | 71 | - | 99,671 |
| Cash at the beginning of the year | (49,732) | 1,036 | - | (48,696) |
| Cash and cash equivalents at the end of the year | 49,868 | 1,107 | - | 50,975 |

| Year ended 31 March 2010 | Clear Beer | Wines & Spirits | (Eliminations) | Total Group |
|---|---|---|---|---|
| **Revenue** | | | | |
| Exports | 6,648 | - | - | 6,648 |
| Local | 456,182 | 64,938 | - | 521,120 |
| Total segment revenue | 462,830 | 64,938 | - | 527,768 |
| **Operating profit** | 130,942 | 21,645 | (6,642) | 145,945 |
| Finance costs | (10,783) | (631) | (689) | (12,103) |
| Profit before tax | 120,159 | 21,014 | (7,331) | 133,842 |
| Income tax | (34,664) | (6,729) | - | (41,393) |
| **Profit for the year** | **85,495** | **14,285** | **(7,331)** | **92,449** |
| Depreciation , amortisation and breakages | 21,965 | 387 | - | 22,352 |
| **Segment assets and liabilities and capital expenditure** | | | | |
| **Assets** | | | | |
| Investment in associate | 88 | - | - | 88 |
| Other non-current assets | 331,404 | 5,155 | (5,323) | 331,236 |
| Current assets | 111,060 | 15,818 | (4,535) | 122,343 |
| | **442,552** | **20,973** | **(9,858)** | **453,667** |
| **Liabilities and equity 2010** | | | | |
| Current liabilities | 176,514 | 10,842 | (6,397) | 180,959 |
| Non current liabilities | 70,979 | 504 | - | 71,483 |
| Owner's equity | 195,059 | 9,627 | (7,339) | 197,347 |
| Minority interest | - | - | 3,878 | 3,878 |
| | **442,552** | **20,973** | **(9,858)** | **453,667** |
| **Capital expenditure** | | | | |
| Property, plant and equipment | 111,665 | 1,823 | - | 113,488 |
| Intangible assets | 728 | - | - | 728 |
| | **112,393** | **1,823** | **-** | **114,216** |

| Segment Cash flows | Clear Beer | Wines & Spirits | (Eliminations) | Total Group |
|---|---|---|---|---|
| | Tshs'M | Tshs'M | Tshs'M | Tshs'M |
| From operating activities | 114,794 | 13,265 | (7,935) | 120,124 |
| From investing activities | (109,823) | (1,811) | 41 | (111,593) |
| From financing activities | 43,041 | (11,740) | 7,900 | 39,201 |
| **Net increase/(decrease) in cash and cash equivalents** | **48,012** | **(286)** | **6** | **47,732** |
| Cash at the beginning of the year | (97,744) | 1,323 | (7) | (96,428) |
| **Cash and cash equivalents at the end of the year** | **(49,732)** | **1,037** | **(1)** | **(48,696)** |

## 6 REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| Sale of goods – Local | **628,812** | 521,120 | **537,035** | 456,182 |
| Sale of goods – Export | **7,051** | 6,648 | **6,887** | 6,648 |
| | **635,863** | 527,768 | **543,922** | 462,830 |

## 7 COST OF SALES AND OPERATING EXPENSES

| | | | | |
|---|---|---|---|---|
| Excise taxes | **119,654** | 101,617 | **97,973** | 86,673 |
| Raw materials used | **138,894** | 121,523 | **114,476** | 104,195 |
| Exchange loss | **5,022** | 4,595 | **5,017** | 5,334 |
| Distribution costs | **44,658** | 41,093 | **42,537** | 39,860 |
| Depreciation and amortisation | **24,442** | 14,557 | **23,973** | 14,129 |
| Royalties | **8,784** | 4,902 | **8,784** | 4,858 |
| Impairment loss – receivables | **178** | 201 | **154** | 179 |
| Employees benefit costs (Note 8) | **40,887** | 36,109 | **37,882** | 33,818 |
| Marketing costs | **30,767** | 20,853 | **27,816** | 18,433 |
| Administrative costs | **10,086** | 5,993 | **9,699** | 5,544 |
| Operating lease rentals | **4,915** | 3,797 | **4,038** | 3,609 |
| Operating costs | **7,788** | 7,362 | **6,792** | 6,393 |
| Maintenance | **10,193** | 9,173 | **9,513** | 8,544 |
| Managerial, technical and administrative fees | **16,465** | 13,370 | **15,254** | 12,193 |
| Auditors remuneration- audit services | **181** | 162 | **149** | 129 |
| Auditors remuneration- non audit services | **172** | 69 | **157** | 63 |
| | **463,086** | 385,376 | **404,214** | 343,954 |
| Classified as follows: | | | | |
| Cost of sales | **318,845** | 273,526 | **270,954** | 242,760 |
| Selling and distribution costs | **96,063** | 75,188 | **89,818** | 71,356 |
| Administrative expenses | **48,178** | 36,662 | **43,442** | 29,838 |
| | **463,086** | 385,376 | **404,214** | 343,954 |

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| **8 EMPLOYEES' BENEFIT COSTS** | | | | |
| The following items are included within employees' benefits expenses | | | | |
| - Wages, salaries and other benefits | **37,277** | 33,811 | **34,467** | 31,714 |
| - Pension costs (defined contribution plans) | **3,610** | 2,298 | **3,415** | 2,104 |
| | **40,887** | 36,109 | **37,882** | 33,818 |
| **9 OTHER INCOME** | | | | |
| (Loss)/profit on disposal of property, plant and equipment | **(150)** | 227 | **(175)** | 210 |
| Gain on disposal of investment | **-** | 2,347 | **-** | 2,347 |
| Dividend income | **-** | - | **10,059** | 7,531 |
| Management fees | **-** | - | **2,160** | 1,177 |
| Sundry income | **5,024** | 2,129 | **4,724** | 1,951 |
| | **4,874** | 4,703 | **16,768** | 13,216 |
| **10 DERIVATIVE INCOME/(LOSSES)** | | | | |
| Fair value gain/(loss) on embedded derivatives | **5,859** | (1,150) | **5,859** | (1,150) |
| | **5,859** | (1,150) | **5,859** | (1,150) |
| **11 FINANCE INCOME AND COSTS** | | | | |
| Interest income on bank balances | **1,452** | 831 | **1,452** | 831 |
| Interest expense on borrowings | **(11,779)** | (10,906) | **(10,807)** | (9,586) |
| Fair valuation loss on a forward contract | - | (2,028) | - | (2,028) |
| **Total finance costs** | **(11,779)** | (12,934) | **(10,807)** | (11,614) |
| **12 INCOME TAX EXPENSE** | | | | |
| Current tax | **51,758** | 22,270 | **43,343** | 15,618 |
| Deferred tax (Note 22) | **(270)** | 19,123 | **(449)** | 19,046 |
| | **51,488** | 41,393 | **42,894** | 34,664 |

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

| | Group 2011 | Group 2010 | Company 2011 | Company 2010 |
|---|---|---|---|---|
| Profit before income tax | **173,183** | 133,842 | **152,980** | 120,159 |
| Tax calculated at a rate of 30% | **51,955** | 40,152 | **45,894** | 36,048 |
| Income not subject to tax | **(1,420)** | (749) | **(3,945)** | (3,008) |
| Expenses not deductible for tax purposes | **953** | 1,990 | **945** | 1,624 |
| Income tax expense | **51,488** | 41,393 | **42,894** | 34,664 |

## 13 EARNINGS PER SHARE

| Group | 2011 | 2010 |
|---|---|---|
| Net profit attributable to shareholders (Tshs'000) | **114,165,753** | 87,448,732 |
| Weighted average number of share in issue (000's) (Note 21) | **294,928** | 294,928 |
| Basic and diluted earnings per share (Tshs per share) | **387.1** | 296.5 |

There being no dilutive or dilutive potential share options, the basic and diluted earnings per share are the same.

## 14 DIVIDENDS

| | Amount | | Dividend per share | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| First interim dividend | **-** | 17,695 | **-** | 60.0 |
| Second interim dividend | **-** | 26,544 | **-** | 90.0 |
| | **-** | 44,239 | **-** | 150.0 |

## 15 PROPERTY, PLANT AND EQUIPMENT – GROUP

| | Buildings Tshs'M | Plant and machinery Tshs'M | Furniture, equipment and vehicles Tshs'M | Capital work in progress Tshs'M | Containers Tshs'M | Total Tshs'M |
|---|---|---|---|---|---|---|
| **At 31 March 2009** | | | | | | |
| Cost | 33,140 | 119,424 | 35,482 | 74,300 | 34,096 | 296,442 |
| Accumulated depreciation | (10,020) | (63,198) | (18,720) | - | (5,717) | (97,655) |
| **Net book value** | **23,120** | **56,226** | **16,762** | **74,300** | **28,379** | **198,787** |
| **Year ended 31 March 2010** | | | | | | |
| Opening net book value | 23,120 | 56,226 | 16,762 | 74,300 | 28,379 | 198,787 |
| Additions | - | - | - | 113,488 | - | 113,488 |
| Disposals | - | (9) | (39) | - | - | (48) |
| Transfers | 28,807 | 126,572 | 7,088 | (172,447) | 9,980 | - |
| Breakages and other losses | - | - | - | - | (4,689) | (4,689) |
| Depreciation charge for the year | (1,727) | (8,194) | (4,189) | - | (3,106) | (17,216) |
| **Closing net book value** | **50,200** | **174,595** | **19,622** | **15,341** | **30,564** | **290,322** |
| **At 31 March 2010** | | | | | | |
| Cost | 61,946 | 245,743 | 42,530 | 15,341 | 43,612 | 409,172 |
| Accumulated depreciation | (11,746) | (71,148) | (22,908) | - | (13,048) | (118,850) |
| **Net book value** | **50,200** | **174,595** | **19,622** | **15,341** | **30,564** | **290,322** |

The Company's buildings, plant and machinery with net book value of Tshs 224,795 million have been secured against borrowings as set out in Note 25 to the financial statements.

| | Buildings Tshs'M | Plant and machinery Tshs'M | Furniture, equipment and vehicles Tshs'M | Capital work in progress Tshs'M | Containers Tshs'M | Total Tshs'M |
|---|---|---|---|---|---|---|
| **At 31 March 2010** | | | | | | |
| Cost | 61,946 | 245,743 | 42,530 | 15,341 | 43,612 | 409,172 |
| Accumulated depreciation | (11,746) | (71,148) | (22,908) | - | (13,048) | (118,850) |
| **Net book value** | **50,200** | **174,595** | **19,622** | **15,341** | **30,564** | **290,322** |
| **Year ended 31 March 2011** | | | | | | |
| Opening net book value | 50,200 | 174,595 | 19,622 | 15,341 | 30,564 | 290,322 |
| Additions | - | - | - | 51,389 | - | 51,389 |
| Disposals | - | (295) | (17) | - | - | (312) |
| Transfers | 963 | 24,033 | 5,550 | (48,440) | 17,894 | - |
| Breakages and other losses | - | - | - | - | (4,589) | (4,589) |
| Depreciation charge for the year | (2,846) | (15,883) | (2,083) | - | (3,630) | (24,442) |
| **Closing net book value** | **48,317** | **182,450** | **23,072** | **18,290** | **40,239** | **312,368** |
| **At 31 March 2011** | | | | | | |
| Cost | 62,909 | 269,237 | 48,063 | 18,290 | 61,506 | 459,420 |
| Accumulated depreciation | (14,592) | (86,787) | (24,991) | - | (21,267) | (147,052) |
| **Net book value** | **48,317** | **182,450** | **23,072** | **18,290** | **40,239** | **312,368** |

The Company's buildings, plant and machinery with net book value of Tshs 230,767 million have been secured against borrowings as set out in Note 25 to the financial statements.

## 15 PROPERTY, PLANT AND EQUIPMENT – COMPANY

| | Buildings Tshs'M | Plant and machinery Tshs'M | Furniture, equipment and vehicles Tshs'M | Capital work in progress Tshs'M | Containers Tshs'M | Total Tshs'M |
|---|---|---|---|---|---|---|
| **At 31 March 2009** | | | | | | |
| Cost | 31,442 | 116,646 | 33,432 | 74,260 | 34,045 | 289,825 |
| Accumulated depreciation | (9,435) | (62,457) | (17,250) | - | (5,717) | (94,859) |
| **Net book value** | **22,007** | **54,189** | **16,182** | **74,260** | **28,328** | **194,966** |
| **Year ended 31 March 2010** | | | | | | |
| Opening net book value | 22,007 | 54,189 | 16,182 | 74,260 | 28,328 | 194,966 |
| Additions | - | - | - | 111,665 | - | 111,665 |
| Disposals | - | (9) | (4) | - | - | (13) |
| Transfers | 28,702 | 126,065 | 6,877 | (171,622) | 9,980 | - |
| Breakages and other losses | - | - | - | - | (4,726) | (4,726) |
| Depreciation charge for the year | (1,648) | (8,022) | (4,015) | - | (3,106) | (16,792) |
| **Closing net book value** | **49,060** | **172,223** | **19,040** | **14,301** | **30,476** | **285,100** |
| **At 31 March 2010** | | | | | | |
| Cost | 60,144 | 242,702 | 40,306 | 14,301 | 43,523 | 400,976 |
| Accumulated depreciation | (11,083) | (70,479) | (21,266) | - | (13,047) | (115,875) |
| **Net book value** | **49,061** | **172,223** | **19,040** | **14,301** | **30,476** | **285,101** |

The Company's buildings, plant and machinery have been secured against borrowings as set out in Note 25 to the financial statements.

| | Buildings Tshs'M | Plant and machinery Tshs'M | Furniture, equipment and vehicles Tshs'M | Capital work in progress Tshs'M | Containers Tshs'M | Total Tshs'M |
|---|---|---|---|---|---|---|
| **At 31 March 2010** | | | | | | |
| Cost | 60,144 | 242,702 | 40,306 | 14,301 | 43,523 | 400,976 |
| Accumulated depreciation | (11,083) | (70,479) | (21,266) | - | (13,047) | (115,875) |
| **Net book value** | **49,061** | **172,223** | **19,040** | **14,301** | **30,476** | **285,101** |
| **Year ended 31 March 2011** | | | | | | |
| Opening net book value | 49,061 | 172,223 | 19,040 | 14,301 | 30,476 | 285,101 |
| Additions | - | - | - | 50,211 | - | 50,211 |
| Disposals | - | (295) | (17) | - | - | (312) |
| Transfers | 928 | 23,026 | 5,258 | (47,060) | 17,848 | - |
| Breakages and other losses | - | - | - | - | (4,589) | (4,589) |
| Depreciation charge for the year | (2,757) | (15,681) | (1,901) | - | (3,631) | (23,970) |
| **Closing net book value** | **47,232** | **179,273** | **22,380** | **17,452** | **40,104** | **306,441** |
| **At 31 March 2011** | | | | | | |
| Cost | 61,072 | 265,432 | 45,547 | 17,452 | 60,786 | 450,289 |
| Accumulated depreciation | (13,840) | (86,159) | (23,167) | - | (20,682) | (143,848) |
| **Net book value** | **47,232** | **179,273** | **22,380** | **17,452** | **40,104** | **306,441** |

The Company's buildings, plant and machinery have been secured against borrowings as set out in Note 25 to the financial statements.

## 16 INTANGIBLE ASSETS

| | Group | | | Company |
|---|---|---|---|---|
| | Goodwill | Software | Total | Software |
| | Tshs'M | Tshs'M | Tshs'M | Tshs'M |
| **As at 31 March 2009** | 42,339 | 1,522 | 43,861 | 1,522 |
| Accumulated amortisation | (2,709) | (520) | (3,229) | (520) |
| **Net book value** | **39,630** | **1,002** | **40,632** | **1,002** |
| **Year ended 31 March 2010** | | | | |
| Opening net book value | 39,630 | 1,002 | 40,632 | 1,002 |
| Additions | - | 728 | 728 | 728 |
| Amortisation charge | - | (447) | (447) | (447) |
| **Closing net book value** | **39,630** | **1,283** | **40,913** | **1,283** |
| **At 31 March 2010** | 42,339 | 2,250 | 44,589 | 2,250 |
| Accumulated amortisation | (2,709) | (967) | (3,676) | (967) |
| **Net book value** | **39,630** | **1,283** | **40,913** | **1,283** |
| **Year ended 31 March 2011** | | | | |
| Opening net book value | 39,630 | 1,283 | 40,913 | 1,283 |
| Additions | - | 536 | 536 | 536 |
| Amortisation charge | - | (485) | (485) | (485) |
| **Closing net book value** | **39,630** | **1,334** | **40,964** | **1,334** |
| **At 31 March 2011** | 42,339 | 2,785 | 45,124 | 2,785 |
| Accumulated amortisation | (2,709) | (1,451) | (4,160) | (1,451) |
| **Net book value** | **39,630** | **1,334** | **40,964** | **1,334** |

The carrying amounts of the intangible assets approximate to their recoverable amounts. The directors review the goodwill for impairment annually based on projected cash flows of the cash generating units. No impairment charge arose during the year (2010: Nil).

## 17 INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **Tshs'M** | Tshs'M | **Tshs'M** | Tshs'M |
| Investment in subsidiaries | **-** | - | **45,020** | 45,020 |
| Other investments | **88** | 88 | **88** | 88 |
| | **88** | 88 | **45,108** | 45,108 |

Other investments refer to the remaining 3.98% shareholding in Mountainside Farms Limited. The investment is stated at fair value.

**Investment in associate company**

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| At 1 April | **-** | 49 | **-** | 49 |
| Disposals | **-** | (49) | **-** | (49) |
| At 31 March | **-** | - | **-** | - |

The investments relate to:

| Name of undertaking | Nature of business | Description of shares held | % of issued shares held | |
|---|---|---|---|---|
| Tanzania Distilleries Ltd | Manufacturer of spirituous liquor | Ordinary | 65% | 65% |
| Mountainside Farms Ltd | Crop farming | Ordinary | 3.98% | 3.98% |
| Kibo Breweries Ltd | Rental of assets to related parties | Ordinary | 100% | 100% |

## 18 INVENTORIES

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **Tshs'M** | Tshs'M | **Tshs'M** | Tshs'M |
| Raw materials | **41,901** | 35,716 | **37,289** | 31,856 |
| Consumable stores and spares | **35,683** | 31,521 | **35,345** | 31,360 |
| Work in progress | **9,985** | 10,234 | **9,663** | 10,136 |
| Finished goods | **17,349** | 10,840 | **9,719** | 5,233 |
| | **104,918** | 88,311 | **92,016** | 78,585 |
| Provision for obsolete and damaged stocks | **(7,616)** | (4,801) | **(7,597)** | (4,801) |
| | **97,302** | 83,510 | **84,419** | 73,784 |

The cost of inventories recognised as an expense and included in 'cost of sales' in the Group profit and loss account amounted to Tshs 138,894 million (2010: Tshs 121,523 million). Similarly, this amounts to Tshs 114,476 million (2010: Tshs 104,195 million) in the company's profit and loss account.

## 19 ACCOUNTS RECEIVABLE

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **Tshs'M** | Tshs'M | **Tshs'M** | Tshs'M |
| Trade receivables | **8,022** | 16,319 | **6,196** | 15,635 |
| Less: Provision for impairment | **(1,023)** | (1,421) | **(930)** | (1,352) |
| Trade receivables-net | **6,999** | 14,898 | **5,266** | 14,283 |
| Advances to suppliers | **3,465** | 279 | **785** | 205 |
| Staff advances and loans | **1,132** | 1,073 | **952** | 972 |
| Due from related parties (Note 31 (iv)) | **-** | 255 | **5,072** | 3,531 |
| Other receivables | **6,928** | 4,475 | **3,933** | 2,589 |
| Prepayments | **2,100** | 4,605 | **1,229** | 3,890 |
| | **20,624** | 25,585 | **17,237** | 25,470 |
| Movements on the provision for impairment of trade receivables are as follows: | | | | |
| At start of year | **(1,421)** | (1,220) | **(1,352)** | (1,173) |
| Provision in the year | **(178)** | (201) | **(154)** | (179) |
| Utilised during the year | **576** | - | **576** | - |
| At end of year | **(1,023)** | (1,421) | **(930)** | (1,352) |

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

## 20 BANK AND CASH BALANCES

| | Group 2011 | Group 2010 | Company 2011 | Company 2010 |
|---|---|---|---|---|
| Cash in hand | **138** | 109 | **78** | 64 |
| Cash at bank | **52,125** | 7,918 | **51,078** | 6,076 |
| Total cash and bank balances | **52,263** | 8,027 | **51,156** | 6,141 |
| For the purpose of the cash flow statement, cash and cash equivalents comprise the following: | | | | |
| Cash and bank balances | **52,263** | 8,027 | **51,156** | 6,141 |
| Bank overdrafts (Note 25) | **(1,288)** | (56,723) | **(1,288)** | (55,873) |
| Net cash and cash equivalents | **50,975** | (48,696) | **49,868** | (49,732) |

## 21 SHARE CAPITAL

### 21.1 Ordinary share capital

| | Group 2011 | Group 2010 | Company 2011 | Company 2010 |
|---|---|---|---|---|
| Authorised, issued and fully paid: 294,928,463 ordinary shares of Tsh 100 each | **29,493** | 29,493 | **29,493** | 29,493 |

There were no movements in the share capital of the company during the year. The Company has only one class of ordinary shares which carries no right to fixed income. The ownership structure is as set out in note 21.2 below.

| 21.2 Ownership structure | Ordinary Share | Ordinary Share | % holding | % holding |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| **Resident shareholders:** | | | | |
| United Republic of Tanzania | **11,797,139** | 11,797,139 | **4.00** | 4.00 |
| Unit Trust of Tanzania | **13,239,696** | 13,239,696 | **4.49** | 4.49 |
| Public Service Pension Fund | **8,180,547** | 8,180,547 | **2.77** | 2.77 |
| Parastatal Pension Fund | **7,902,720** | 7,902,720 | **2.68** | 2.68 |
| National Social Security Fund | **9,977,436** | 9,977,436 | **3.38** | 3.38 |
| General Public | **17,809,569** | 17,809,569 | **6.04** | 6.04 |
| Total resident | **68,907,107** | 68,907,107 | **23.36** | 23.36 |
| **Non-resident shareholders** | | | | |
| SABMiller Africa BV | **155,799,698** | 155,799,698 | **52.83** | 52.83 |
| East African Breweries Limited | **58,985,693** | 58,985,693 | **20.00** | 20.00 |
| International Finance Corporation (IFC) | **11,235,965** | 11,235,965 | **3.81** | 3.81 |
| Total non-resident | **226,021,356** | 226,021,356 | **76.64** | 76.64 |
| Total ordinary shares in issue | **294,928,463** | 294,928,463 | **100.00** | 100.00 |

## 22 DEFERRED INCOME TAX LIABILITY

Deferred income taxes are calculated on temporary differences under the liability method using a principal tax rate of 30% (2010:30%). The movement on the deferred income tax account is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **Tshs'M** | Tshs'M | **Tshs'M** | Tshs'M |
| At start of the year | **29,340** | 10,217 | **28,836** | 9,791 |
| (Credited)/debited to profit and loss account (Note 12) | **(270)** | 19,123 | **(449)** | 19,045 |
| At end of the year | **29,070** | 29,340 | **28,387** | 28,836 |
| Details of the deferred tax liabilities/ (assets): | | | | |
| Accelerated depreciation for tax purposes | **32,646** | 29,706 | **31,942** | 26,345 |
| Other temporary differences | **(3,576)** | (366) | **(3,555)** | 2,491 |
| | **29,070** | 29,340 | **28,387** | 28,836 |

## 23 PROVISIONS

| | | | | |
|---|---|---|---|---|
| At start of the year | **301** | 355 | **301** | 355 |
| Decrease during the year | **(27)** | (54) | **(27)** | (54) |
| At end of the year | **274** | 301 | **274** | 301 |

As at the year end, there was a number of pending legal cases where the Company or its subsidiaries were defendants. The directors have considered it probable that the outcome of these cases will be unfavourable to the Group and could result into an estimated loss of Tshs 274 million (2010: Tshs 301 million).

According to the nature of such disputes the timing of settlement of these cases is uncertain. Contingent liabilities relating to litigations have been disclosed in note 29.

## 24 TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **Tshs'M** | Tshs'M | **Tshs'M** | Tshs'M |
| Trade payables | **13,175** | 12,567 | **11,457** | 13,021 |
| Dividends payable | **2,369** | 2,225 | **2,369** | 2,225 |
| VAT payable | **4,519** | 5,429 | **3,312** | 4,659 |
| Excise duty payable | **10,594** | 7,553 | **8,480** | 6,333 |
| Payable to related parties (Note 31 (iv)) | **21,663** | 17,260 | **22,850** | 18,695 |
| Other payables | **19,424** | 16,656 | **15,255** | 14,392 |
| Accrued expenses | **20,229** | 17,766 | **22,027** | 16,536 |
| | **91,973** | 79,456 | **85,750** | 75,861 |

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

## 25 BORROWINGS

| | | | | |
|---|---|---|---|---|
| **Non current** | | | | |
| Long term loan | **9,375** | - | **9,375** | - |
| Corporate bonds | **52,100** | - | **52,100** | - |
| Loan from parent company | **-** | 41,842 | **-** | 41,842 |
| | **61,475** | 41,842 | **61,475** | 41,842 |
| **Current** | | | | |
| Bank overdrafts | **1,288** | 56,723 | **1,288** | 55,873 |
| Short term loans | **16,837** | 44,780 | **16,837** | 44,780 |
| | **18,125** | 101,503 | **18,125** | 100,653 |
| **Total Borrowings** | **79,600** | 143,345 | **79,600** | 142,495 |

**i) Long term loan: National Microfinance Bank Plc loan**
This is a four year loan with a a limit of Tshs 15,000 million. It's repayable semi-annually and carries a floating rate of the Government of Tanzania 364 day Treasury Bills rate plus margin. The loan was taken for the purpose of financing capital expenditure and is secured over the buildings, plant and machinery at the company's plant in Mwanza.

**ii) Corporate bonds**
These are three-year corporate bonds issued privately to institutional investors. The bonds carry fixed rate of interest whose weighted average during the year was 10.93%. They were issued for the purpose of financing capital expenditure and are unsecured.

**iii) Loan from parent company**
This was a three year loan from the ultimate parent company, SABMiller Plc, UK, taken out in September 2009 to finance capital expenditure. It had a limit of US$60 million out of which only US $ 30million was drawn down. The loan was unsecured and carried interest rate of LIBOR plus 3% per annum on the outstanding balance. The loan was repaid in full in September 2010.

### Bank overdrafts

| Overdrafts are made up as follows: | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **Tshs'M** | Tshs'M | **Tshs'M** | Tshs'M |
| Stanbic Bank Tanzania Limited | **-** | 7,269 | **-** | 6,932 |
| Citibank Tanzania Limited | **-** | 584 | **-** | 71 |
| National Bank of Commerce Limited | **-** | 3,262 | **-** | 3,262 |
| Standard Chartered Bank Tanzania Limited | **-** | 2,447 | **-** | 2,447 |
| National Microfinance Bank Plc | **-** | 23,414 | **-** | 23,414 |
| CRDB Bank Plc | **1,288** | 19,747 | **1,288** | 19,747 |
| | **1,288** | 56,723 | **1,288** | 55,873 |

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

The facilities are annual facilities subject to review between August 2011 and February 2012.

The weighted average effective interest rate of the overdrafts was 10% (2010: 10%). The overdrafts are secured by a first charge over the buildings, plant and machinery at the Company's plant in Dar es Salaam, Mwanza and Arusha. Total value of the security given is Tshs 195 billion (2010: Tshs 211 billion).

### Short term loans

| Short term loans are made up as follows: | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **Tshs'M** | Tshs'M | **Tshs'M** | Tshs'M |
| National Microfinance Bank Plc | **10,270** | 9,780 | **10,270** | 9,780 |
| National Bank of Commerce Limited | **6,567** | 10,000 | **6,567** | 10,000 |
| Standard Chartered Bank Tanzania Limited | **-** | 25,000 | **-** | 25,000 |
| | **16,837** | 44,780 | **16,837** | 44,780 |

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

#### National Bank of Commerce Limited loan

The loan has a limit of Tshs 21 billion (2010: Tshs 10 billion). The loan carries interest at a rate of the Government of Tanzania 182 Day Treasury Bill plus 150 basis points. The loan has the purpose of financing capital expenditure and is secured by a US $ 9,000,000 on demand bank guarantee from Citi N.A. Bahrain, covering 115% of the principal amount.

#### National Microfinance Bank Plc short term loan

This is a short term loan with a limit of Tshs 9,780 million. The loan carries interest at a rate of the Government of Tanzania 364 Day Treasury Bills rate + 1.5% with a minimum rate of 10.25%, calculated on daily overdrawn balances and payable monthly in arrears. The loan is secured by a first class bank guarantee from Citibank N.A. Bahrain in the form of a Standby Letter of Credit (SBLC) covering the total facility exposure.

## 26 FINANCIAL INSTRUMENTS BY CATEGORY

### (a) Group

| At 31 March | 2011 | 2010 |
|---|---|---|
| | **Loans and receivables** | Loans and receivables |
| | **Tshs'M** | Tshs'M |
| **Assets as per the statement of financial position** | | |
| Trade and other receivables (excluding pre-payments) | **18,524** | 20,980 |
| Cash at bank and bank deposits | **52,125** | 7,918 |
| | **70,649** | 28,898 |

| | 2011 | 2010 |
|---|---|---|
| | **Other financial liabilities at amortised cost** | Other financial liabilities at amortised cost |
| | **Tshs'M** | Tshs'M |
| **Liabilities as per the statement of financial position** | | |
| Borrowings | **79,600** | 143,345 |
| Trade and other payables (excluding statutory liabilities) | **74,491** | 64,249 |
| | **154,091** | 207,594 |

### (b) Company

| At 31 March | 2011 | 2010 |
|---|---|---|
| | **Loans and receivables** | Loans and receivables |
| | **Tshs'M** | Tshs'M |
| **Assets as per the statement of financial position** | | |
| Trade and other receivables (excluding pre-payments) | **16,008** | 21,580 |
| Cash at bank and bank deposits | **51,078** | 6,076 |
| | **67,086** | 27,656 |

| | 2011 | 2010 |
|---|---|---|
| | **Other financial liabilities at amortised cost** | Other financial liabilities at amortised cost |
| | **Tshs'M** | Tshs'M |
| **Liabilities as per the statement of financial position** | | |
| Borrowings | **79,600** | 142,496 |
| Trade and other payables (excluding statutory liabilities) | **71,589** | 62,644 |
| | **151,189** | 205,140 |

## 27 PREPAID LEASE

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **Tshs'M** | Tshs'M | **Tshs'M** | Tshs'M |
| Transferred from capital work in progress | **1,025** | - | **-** | - |
| Less: amortization for the year | **(11)** | - | **-** | - |
| Less: current portion | **(10)** | - | **-** | - |
| | **1,004** | - | **-** | - |

The prepayment represent the amount paid by a subsidiary to acquire leasehold right on land use. The lease prepayment is amortized over the period of the lease.

## 28 COMMITMENTS

### Capital commitments

The Group had capital commitments approved and contracted but not recorded in its books as at 31 March 2011 of TShs 9 billion (2010: Tshs 11.4 billion).

Operating lease commitments – where a group company is the lessee

The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **Tshs'M** | Tshs'M | **Tshs'M** | Tshs'M |
| Not later than 1 year | **1,474** | 3,469 | **1,474** | 3,469 |
| Later than 1 year and not later than 5 years | **660** | 1,823 | **660** | 1,823 |
| | **2,134** | 5,292 | **2,134** | 5,292 |

## 29 CONTINGENT LIABILITIES

As at 31 March 2011, the Company was a defendant in several lawsuits. While liability in these lawsuits is not admitted, if defence against the actions is unsuccessful, then claims in these lawsuits could amount to Tshs 369 million (2010: Tshs 934 million). Similarly for the Company's subsidiary, Tanzania Distilleries Limited (TDL) the amount claimed in such lawsuits could amount to Tshs 300 million (2010: Tshs 300 million).

On 21 May 2010 the Fair Competition Commission (FCC) issued a decision upholding a complaint against the Company and imposed a fine of 5% of the Company's annual turnover. The Company lodged a notice of appeal against this ruling on 27 May 2010. The execution of the FCC's decision including payment of the fine is stayed pending determination of the appeal by the Fair Competition Tribunal.

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

## 30 CASH FLOW INFORMATION

### (i) Cash generated from operations

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **Tshs'M** | Tshs'M | **Tshs'M** | Tshs'M |
| Profit before income tax | **173,183** | 133,842 | **152,980** | 120,159 |
| *Adjusted for:* | | | | |
| Interest expense | **11,779** | 10,906 | **10,807** | 9,586 |
| Interest income | **(1,452)** | (831) | **(1,452)** | (831) |
| Depreciation, amortisation and breakages | **29,515** | 22,350 | **29,043** | 21,964 |
| Impairment loss on property, plant and equipment | **-** | - | **-** | - |
| Movement in provision for liabilities | **(27)** | (54) | **(27)** | (54) |
| Fair value loss on derivatives | **-** | 3,178 | **-** | 3,178 |
| Profit/(loss) on disposal of property, plant and equipment | **150** | (227) | **175** | (210) |
| Gain on revaluation of investments | **-** | (39) | **-** | (39) |
| Gain on disposal of investment in associate | **-** | **(2,347)** | - | (2,347) |
| | **213,148** | 166,886 | **191,526** | 151,154 |
| *Changes in working capital* | | | | |
| Increase in inventories | **(13,793)** | (13,590) | **(10,634)** | (10,346) |
| Decrease in trade and other receivables | **3,958** | 1,507 | **8,233** | 2,612 |
| Increase in trade and other payables | **12,372** | 10,642 | **9,744** | 8,866 |
| **Cash generated from operations** | **215,685** | 165,337 | **198,868** | 152,538 |

### (ii) Income tax paid

| | | | | |
|---|---|---|---|---|
| Income tax recoverable/(payable) at 1 April | **5,222** | (7,646) | **5,665** | (7,706) |
| Current income tax expense | **(51,758)** | (22,270) | **(43,343)** | (15,618) |
| Income tax payable/ (recoverable) | **6,424** | (5,222) | **6,539** | (5,665) |
| | **(40,112)** | (35,138) | **(31,139)** | (28,989) |

### (iii) Dividends paid

| | | | | |
|---|---|---|---|---|
| *By the Company* | | | | |
| Dividends payable at 01 Apr 2010 | **(2,225)** | (1,566) | **(2,225)** | (1,566) |
| Interim dividend | **-** | (44,239) | **-** | (44,239) |
| Dividends payable at 31 Mar 2011 | **2,369** | 2,225 | **2,369** | 2,225 |
| | **144** | (43,581) | **144** | (43,581) |
| *By subsidiaries* | | | | |
| Minority's share of dividends paid | **(5,647)** | (3,840) | **-** | - |
| | **(5,503)** | (47,421) | **144** | (43,581) |

## 31 RELATED PARTY TRANSACTIONS AND BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| **i) Sale of goods and services** | **2011** | 2010 | **2011** | 2010 |
| **Sale of goods** | | | | |
| Nile Breweries Limited | **852** | 960 | **852** | 960 |
| East African Breweries Limited | **6,034** | 5,688 | **6,034** | 5,688 |
| | **6,886** | 6,648 | **6,886** | 6,648 |

During the year, the Company continued exporting bottled beer to East African Breweries Limited, an associate holding of SAB-Miller Africa BV and a minority shareholder of the Company. The Company also started exporting bottled beer to Nile Breweries Limited, a subsidiary of SABMiller Plc.

| | | | | |
|---|---|---|---|---|
| **Sale of services** | | | | |
| Tanzania Distilleries Limited - Management fees | **-** | - | **2,160** | 1,177 |

| | | | | |
|---|---|---|---|---|
| **ii) Purchase of goods and services** | | | | |
| **Purchase of goods** | | | | |
| Tanzania Distilleries Limited | **-** | - | **574** | 357 |
| SABEX | **26,547** | 248,990 | **26,547** | 248,990 |
| East African Breweries Limited | **-** | 1,489 | **-** | 1,489 |
| Distell International Limited | **-** | **-** | - | - |
| MUBEX | **36,817** | 54,391 | **36,817** | 54,391 |
| | **63,364** | 304,870 | **63,938** | 305,227 |

SABEX, a division of SABMiller Africa & Asia (Pty) Limited, is used as the Group's procurement agent for items other than capital equipment.

MUBEX, a subsidiary of SABMiller Plc, is used as the Group's procurement agent for capital equipment.

The company imports beer from South African Breweries Limited, a subsidiary of SABMiller Plc.

Tanzania Distilleries Limited imports specialised wines and spirits from Distell International Limited (the subsidiary's minority shareholder). It also supplies raw spirits to Tanzania Breweries Limited.

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| **Purchase of services** | | | | |
| Kibo Breweries Limited | **-** | - | **284** | 284 |
| Bevman Services A.G | **15,264** | 12,193 | **15,264** | 12,193 |
| SABMiller Finance B.V. | **8,784** | 4,902 | **8,784** | 4,858 |
| East African Breweries Limited | **-** | 2,660 | **-** | 2,660 |
| Distell International Limited | **1,211** | 1,177 | **-** | - |
| | **25,259** | 20,932 | **24,332** | 19,995 |

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

Fees are payable in accordance with management agreement with Bevman Services A.G and Distell International Limited (formerly Distillers Corporation International Limited).

Bevman Services A.G, a subsidiary of SABMiller Plc, is the Group's management company.

The Company produces and distributes SABMiller Finance B.V brands under license and pays royalty fees at a percentage of sales of the brands.

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| **iii) Interest on Intercompany accounts:** | | | | |
| **Interest on intercompany accounts** | | | | |
| SABMiller Plc | **(833)** | (982) | **(833)** | (982) |
| Tanzania Distilleries Limited | **-** | - | **972** | 631 |

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

Also the Company charges interest on current accounts held with it by its subsidiary Tanzania Distilleries Limited.

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| **iv) Year-end balances arising from transactions with related parties:** | | | | |
| **Receivable from related parties** | | | | |
| Tanzania Distilleries Limited | **-** | - | **5,072** | 3,531 |
| Distell International Limited | **-** | 255 | **-** | - |
| | **-** | - | **5,072** | 3,531 |
| **Payable to related parties** | | | | |
| SABMiller Africa & Asia (Pty) Limited | **6,618** | 4,163 | **6,618** | 4,044 |
| SABEX | **-** | - | **-** | - |
| Nile Breweries Limited | **55** | 312 | **55** | 312 |
| Distell International Limited | **531** | - | **-** | - |
| SABMiller Finance B.V. | **5,508** | 3,710 | **5,508** | 3,710 |
| Kibo Breweries Limited | **-** | - | **1,718** | 1,554 |
| MUBEX | **8,951** | 9,075 | **8,951** | 9,075 |
| | **21,663** | 17,260 | **22,850** | 18,695 |
| **Loans payable to related parties** | | | | |
| SABMiller Plc, UK | **-** | 41,802 | **-** | 41,802 |

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

**a) Key management compensation**

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| Salaries | **3,369** | 2,695 | **2,710** | 2,403 |
| Pension contributions | **327** | 151 | **265** | 116 |
| | **3,696** | 2,846 | **2,975** | 2,519 |

No terminal or other long term benefits were paid to key management personnel during the year (2010: Nil).

**b) Transactions with key management personnel**
There were no transactions with key management personnel during the year.

**c) Balances with key management personnel**
As at 31 March 2011, there was a total outstanding loan amount with key management personnel of Tshs 56 million (2010: 144million).

**d) Directors' emoluments**

| | | | | |
|---|---|---|---|---|
| Non-executive Chairman | **23** | 23 | **14** | 14 |
| Non-executive Directors | **49** | 36 | **43** | 36 |
| Executive Directors (Included in key management personnel above) | **168** | 148 | **168** | 148 |
| | **240** | 207 | **225** | 198 |

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

The Directors of the Company own directly and indirectly 54,062 (2010: 54,062) ordinary shares of the Company as 31 March 2011.

The revenue from related parties reported is measured in a manner consistent with that in the profit and loss account.

## 32 ULTIMATE HOLDING COMPANY
SABMiller Africa BV (incorporated in the Netherlands) owns 52.83% of the company's issued shares. The ultimate holding company is SABMiller plc, incorporated in the United Kingdom.

## 33 APPROVAL OF FINANCIAL STATEMENTS
The financial statements were authorised for issue by the Board of Directors on the date shown on page 27. They are subject to approval by the members in the Annual General Meeting.

# Administration and Notice of Meeting

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the 37th Annual General Meeting of the Shareholders of Tanzania Breweries Limited will be held at Kilimanjaro Kempinski Hotel in Dar es Salaam on Tuesday 11th October 2011 at 10h00, for the following purposes:

1. **Notice of Meeting**
   Notice convening the meeting to be taken as read.

2. **Approval of Minutes**
   To approve and sign the minutes of the 37th Annual General Meeting held on 14th July 2010.

3. **Matters Arising**

4. **Financial Statements and Directors' Report**
   To receive and consider the Directors' Report, Auditors' Report and the audited financial statements for the year ended 31 March, 2011.

5. **Dividend for the year ended 31 March 2011**
   To consider and approve total dividend paid for the year ended 31 March 2011.

6. **Appointment of Statutory Auditors**
   To approve PricewaterhouseCoopers as the auditors for the next financial year.

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

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

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

By Order of the Board

Note: i. Any other business needs to be brought to the attention of the Secretary by Monday 26th September 2011.
ii. Shareholders shall meet all the costs for attending the meeting.

## ADMINISTRATION

Tanzania Breweries Limited
(Registration Number 2497)

**Company Secretary:**
Huruma Ntahena
P.O. Box 9013, Dar es Salaam,
Tanzania.
Registered Office:
Uhuru Street
Plot No.79, Block "AA"
Mchikichini, Ilala District,
Dar es Salam, Tanzania.
Telephone: +255 (0) 22 2182779-82
Fax: +255 (0) 22 2182783

**Transfer Secretaries:**
CRDB Bank Ltd.,
Head Office: Azikiwe Street,
P.O. Box 268, Dar es Salaam.
Tel: +255 (0) 22 2117441-7
Fax: +255 (0) 22 2113341

**External Auditors:**
PricewaterhouseCoopers,
International House, 5th Floor,
Garden/Shaaban Robert Street,
P.O.Box 45, Dar es Salaam, Tanzania.
Tel: +255 (0) 22 2133100

**Shareholders:**
Financial Year End: 31 March

**Results:**
Interim announcement - November
Year end announcement - May

Tanzania Breweries Limited
Plot 79, Block AA,
Uhuru Street, Mchikichini, Ilala District,
Dar es Salaam, Tanzania