ANNUAL REPORT 2012


Our Communities


Our Farmers


Our Sponsorships

Touching the Lives of Tanzanians


Our People


Our Consumers


Our Distributors

The home of fine beer

A subsidiary of SABMiller plc

The Uhuru Campaign

On the 9th of December 2011, Tanzania commemorated 50 years of independence. Kilimanjaro Premium Lager celebrated this significant milestone with the people through the “Jivunie UTanzania” campaign. Tanzanians celebrated how far they have come as a people and reminded themselves that although things are not perfect, there are still many reasons to feel proud. More importantly, Kilimanjaro Premium Lager motivated people to keep striving to achieve even greater heights, so that in the coming fifty years they can continue to celebrate their progress.

Show Your Pride and enjoy a cold Kilimanjaro Premium Lager!

BONGE LA KIBURUDISHO KWA WATANZANIA

HAIUZWI KWA WENYE UMRI CHINI YA MIAKA 18.

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Did you know?

Tanzania Breweries farming initiatives have benefited Tanzanian farmers. Field extension officers train farmers on modern farming techniques and facilitate access to financial assistance. The barley & sorghum harvested by the farmers are purchased by Tanzania Breweries, providing farmers with much-needed income to support their farms and their families.

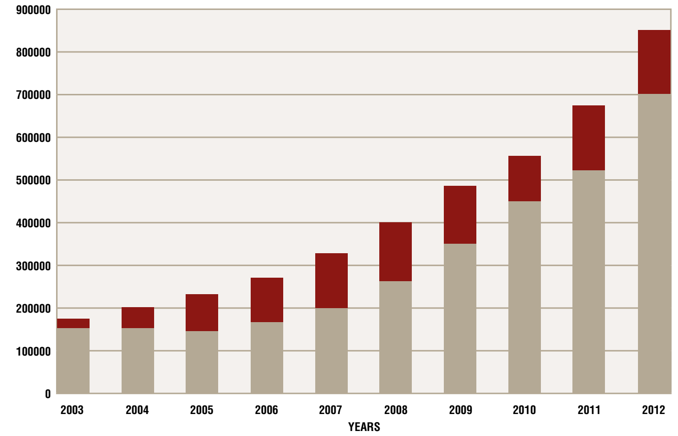
10 Year Review

For the year ended 31 March 2012

		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Sales	Tsh M	**800,948**	635,863	527,768	464,539	383,181	314,878	260,628	229,644	197,982	174,048
Profit before income tax	Tsh M	**239,288**	173,183	133,842	115,187	109,168	95,603	85,584	69,332	57,471	47,635
Dividends declared	Tsh M	**58,986**	-	44,239	44,239	58,986	58,986	52,202	56,036	36,866	30,790
Cash flow from operations	Tsh M	**138,163**	169,551	127,141	74,445	83,467	79,011	60,099	67,489	42,248	43,242
Net cash invested to expand operations	Tsh M	**99,290**	51,389	113,488	74,741	58,723	30,475	15,121	3,771	4,822	2,723
Total borrowings	Tsh M	**76,865**	80,346	143,345	105,702	57,899	36,774	25,270	5,760	19,701	13,740
Gearing	%	**19**	26	73	69	48	34	24	6	18	12
Market capitalisation	Tsh Bn	**773**	537	513	531	490	466	442	436	395	472
Basic earnings per share	Tsh	**543**	387	296	261	242	209	193	157	128	122
Earnings per share growth	%	**40**	31	22	8	16	9	23	22	5	11

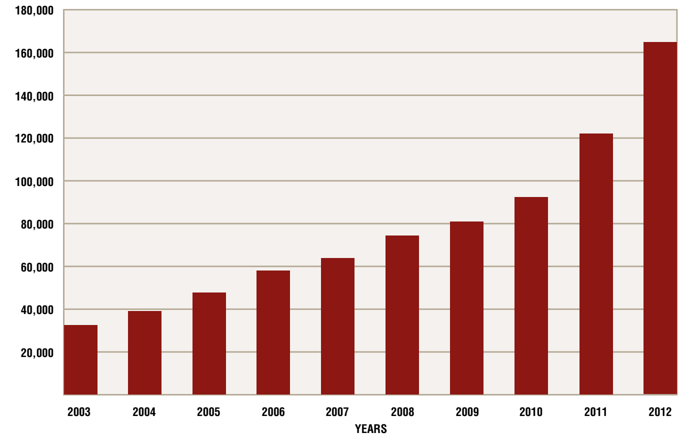
Revenue and Total Assets

Tshs millions



Earnings

Tshs millions

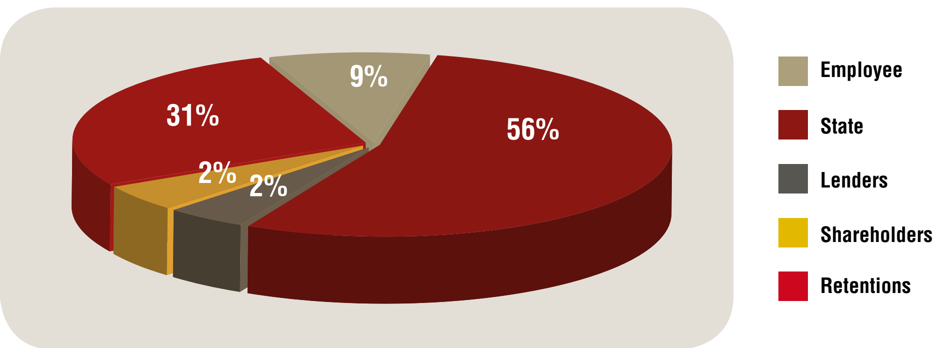


Group Cash Value Added Statement

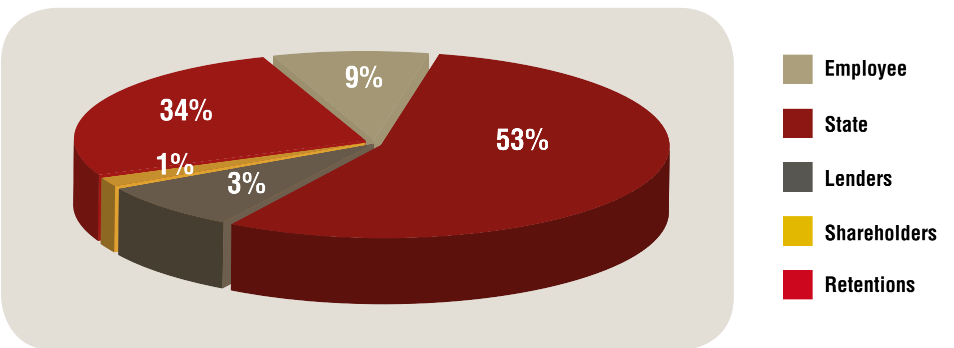
For the year ended 31 March 2012

	31 March, 2012 Tsh M	%	31 March, 2011 Tsh M	%
Cash generated				
Cash derived from sales	**923,467**		758,615	
Other income	**-**			
Cash value generated	**923,467**		758,615	
Cash paid to suppliers	**(367,082)**		(305,548)	
Cash value added	**556,385**	**100**	453,067	100
Cash utilised to				
Remunerate employees for their services	**(51,837)**	**9**	(40,887)	9
Pay direct taxes to Government	**(68,045)**	**12**	(40,113)	9
Pay excise duty and Value Added Tax	**(243,897)**	**44**	(195,042)	43
Provide lenders with a return on borrowings	**(10,732)**	**2**	(11,779)	3
Provide shareholders with cash dividends	**(8,212)**	**2**	(5,503)	1
Cash disbursed among stakeholders	**(382,722)**	**69**	(293,324)	65
Cash retained to fund replacement of assets and facilitate further growth	**173,663**	**31**	159,743	35

2012



2011



Chairman's Statement

Tanzania Breweries Limited Group of companies ("TBL Group") is pleased to report its results for the financial year ended 31st March 2012. We have continued to run our business on the sound fundamentals of brewing, distribution and sales, which include high quality products, a strong brand portfolio, superior customer service, as well as efficient liquidity and capital management, in a competitive environment.

Sales registered 26% growth with a corresponding operating profit of Tshs. 239 billion due to gains in market share, improved product mix, swing into the premium sector and strong performance of the wines and spirits business.

The Tanzania beer industry continued to grow during the year as a direct impact of improved economic growth. TBL's beer volumes ended 14% above prior year, with wine and spirit volumes growing by 33.5% over prior year due to entrenching of the product ranges launched in the previous year, coupled with innovation of the Konyagi bottle to cater for a convenient pack of 750 mls.

Escalating inflation averaging 18.69% impacted input costs but with improved efficiencies operating profits registered a 30% increase over prior year, thereby 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 312 billion for the year, an increase of 32% over prior year.

Customers continue to be at the heart of our strategy and in 2012 we reaffirmed this commitment through continuously improving packaging and quality of our products, as well as improved customer service levels. One of our major marketing campaigns was the "Kilimanjaro Jivunie UTanzania", which was sponsored by Kilimanjaro Premium Lager, with the main purpose of honouring Tanzania's 50 years of independence. One of the exciting activities in this campaign was the relay race of four flags, where the flags were relayed across the country and ultimately united in Moshi, and finally carried to the summit of Mount Kilimanjaro, as had been done by the late Brigadier General Nyirenda 50 years ago. This campaign, accompanied with other marketing activities, helped to grow this brand. Grand Malt, a non-alcoholic malt soft drink launched last year, continued to perform exceptionally well with consumers. The distribution of more coolers gave retailers the ability to sell cold beer, which assisted in growing volume.

With continued volume growth, the company continued to invest in capacity and capability. A total of Tshs. 100 billion was invested in plant and equipment this year, compared to Tshs. 52 billion in the prior year. Given the persistent interruptions in electricity, a total of Tshs 5.2 billion was spent to replace the aged generators in Mwanza and Arusha. These achievements are a testimony to the successful joint venture that was consummated when SABMiller, the second largest brewer in the world, the Tanzanian Government and other shareholders invested in TBL. From this successful performance it was possible for the Company to propose a dividend payment of Tshs. 58 billion for the year as opposed to the previous year where no dividends were declared in view of capital commitments by the Company. 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 2012. Arusha Effluent Treatment Plant was completed at a cost of Tshs. 2.3 billion and a shrink-wrap capability in all the breweries is now installed. We remain committed to the growth and the 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. Our efforts to reduce our water footprint in our operations have paid dividends by achieving an average usage of 5.8 hl as opposed to target of 6.0hl per hectolitre brewed. Hakuna Maji Hakuna Uhai, in which over Tshs 206 million was spent by the company, benefited over 100,000 people with access to safe and reliable water.

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

(i) To enhance our ability to influence consumer and retailer buying decisions via superior customer service, providing consumers with greater access to our full brand portfolio and providing consumers with optimal value for money.

(ii) To continue efforts to gain self-sufficiency through local sourcing and an integrated farming model that will meet both the Company's needs as well as those of the smallholder model.

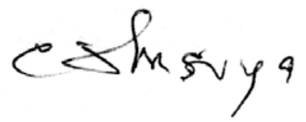
(iii) To increase our focus by giving our high performing staff opportunities to work in some of our key strategic areas to enable them achieve both professional and personal goals.

Chairman's Statement (continued)

(iv) 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

Kundi la Kampuni ya Bia Tanzania ("TBL Group") inapenda kutoa taarifa ya matokeo ya utendaji wake kwa mwaka wa fedha ulioishia tarehe 31 Machi 2012. Tumeendelea na shughuli zetu za kibiashara katika mwelekeo mzuri katika utengenezaji, usambazaji na uuzaji wa bia, ikiwa ni pamoja na uzalishaji wa bidhaa zenye ubora wa viwango vya juu, matoleo bora ya vinywaji, huduma bora na za kiwango cha juu kwa wateja pamoja na ukwasi na usimamizi mzuri wa hisa, ndani ya mazingira yenye ushindani mkubwa.

Mapato ya mauzo yameongezeka kwa 26% huku kukiwa na faida katika utendaji ya shilingi bilioni 239 iliyotokana na kukua kwa soko la bidhaa zetu, mchanganyiko mzuri wa mauzo ya vinywaji vya premium na uzalishaji mzuri wa mvinyo na pombe kali.

Biashara ya bia nchini Tanzania imeendelea kupanuka katika mwaka uliopita ikiwa ni matokeo ya moja kwa moja ya kukua kwa uchumi. Uzalishaji wa TBL umeongezeka kwa 14% wakati uzalishaji wa mvinyo na pombe kali uliongezeka kwa 33.5% zaidi ya mwaka uliopita na hali hii ilitokana na ongezeko la aina ya vinywaji ambavyo vilizinduliwa mwaka uliopita, sambamba na utengenezaji wa chupa mpya ya Konyagi ambayo ina ujazo wa 750 mls kwa ajili ya soko la ndani.

Mfumuko wa bei kwa wastani wa 18.69% uliathiri gharama za kununulia malighafi lakini kutokana na utendaji mzuri na wa ufanisi, faida katika biashara iliongezeka kwa 30% zaidi ya mwaka uliopita, na hivyo kuendelea kutunza rekodi ya ukuaji wa faida mwaka hadi mwaka tangu kuorodheshwa katika Soko la Hisa jijini Dar es Salaam mwaka 1998.

TBL imeendelea kutoa mchango mkubwa katika mapato ya serikali kwa njia ya kodi ya mapato , ushuru na kodi ya ongezeko la thamani. Malipo yaliyopelekwa Serikalini kwa mwaka huu yalikuwa shilingi bilioni 312; ikiwa ni ongezeko la 32% kutoka yale ya mwaka uliopita.

Wateja wetu wameendelea kutoa mchango mzuri katika utekelezaji wa mikakati yetu na kwa mwaka 2012 tuliwatia moyo kwa kuendelea kuboresha huduma zetu, lebo za bidhaa zetu na kuboresha huduma kwa wateja. Mojawapo ya kampeni za masoko ilikuwa "Kilimanjaro Jivunie Utanzania", iliyodhaminiwa na Kilimanjaro Premium Lager kwa lengo la kusherekea miaka 50 ya Uhuru wa Tanzania. Mojawapo ya shughuli zilizovutia ni mbio za kupokezana bendera nne ambazo zilizungushwa nchi nzima na kukutanishwa mjini Moshi kisha kupandishwa hadi kwenye kilele cha Mlima Kilimanjaro kama alivyofanya hayati Brigedia Jenerali Nyirenda miaka 50 iliyopita. Kampeni hizi zilizoenda sambamba na shughuli nyingine za utafutaji wa soko zilisaidia kupanua mauzo wa kinywaji hiki. Grand Malt, kinywaji baridi kisichokuwa na kilevi kilichozinduliwa mwaka uliopita, kiliendelea kupendwa sana na wateja wetu. Usambazaji wa majokofu mengi ulisaidia wauzaji wa reja reja kuuza bia za baridi, hali iliyosaidia kuongezeka kwa mauzo.

Kutokana na ongezeko la uzalishaji Kampuni iliendelea kuongeza uwezo na kupanuka katika soko. Mwaka huu jumla ya shilingi bilioni 99 ziliwekezwa katika mitambo na kununua vifaa ikilinganishwa na shilingi bilioni 52 za mwaka uliopita. Kutokana na tatizo sugu la umeme jumla ya shilingi bilioni 5.2 zilitumika kubadilisha genereta zilizochakaa katika viwanda vyetu vya Mwanza na Arusha. Mafanikio haya ni ushahidi wa mafanikio ya ubia ulioanzishwa kati ya SABMiller, kampuni kubwa na ya pili duniani katika utengenezaji wa bia, serikali ya Tanzania na wadau wengine waliowekeza katika kampuni ya TBL. Kutokana na mafanikio haya ya utendaji, Kampuni iliweza kupendekeza kulipa gawio la Tsh. 58 bilioni kwa mwaka huu tofauti na mwaka uliopita ambapo hapakuwa na gawio kabisa kutokana na mahitaji ya kuwekeza zaidi kwenye mitambo. Ubia huu umewanufaisha sana wanahisa wote pamoja na kupata nguvu kazi inayojituma na yenye ujuzi ambayo imeifanya kampuni ya TBL kuwa kampuni bora ya kimataifa.

Msimamo wetu katika kutoa huduma bora zaidi hautayumba, na ili kuhakikisha hili linafanyika, kampuni yetu imeendelea kuwekeza kwa kutumia teknolojia bora zaidi kwa mwaka 2012. Mtambo wa kusafisha majitaka kiwanda cha Arusha ulikamilika na uligharimu shilingi bilioni 2.3, wakati mitambo ya kufungia "label" katika viwanda vyetu vyote tayari imefungwa. Tumeendelea kuongeza na kuendeleza wafanyakazi wetu, na kuendelea kuajiri na kuvutia watu wenye vipaji bora zaidi katika soko. Mkakati wetu wa kuwajengea uwezo wafanyakazi wetu wa nafasi za juu za kiuongozi kwa kuwapeleka katika maeneo mengine ya SABMiller barani Afrika utaendelea na tutaendelea na zoezi la kubadilishana wafanyakazi ndani ya familia kubwa ya SABMiller.

Tutaendelea kutoa mchango mzuri katika maendeleo endelevu ya jamii yetu tunapofanyia kazi. Juhudi zetu za kupunguza tatizo la maji katika maeneo yetu ya biashara zimetupatia mafanikio mazuri kwa kufikia wastani wa matumizi ya 5.8 hl tofauti na lengo letu la 6.0 hl za maji kwa kila hl ya bia inayotengenezwa. Kumpitia kauli mbiu yetu ya Hakuna Maji Hakuna Uhai, zaidi ya shilingi milioni 206 zilitumiwa na kampuni kuwanufaisha watu zaidi ya 100,000 kwa kuwahakikishia wanapata maji safi na salama.

Taarifa ya Mwenyeketi (continued)

Katika siku za usoni, TBL itajielekeza zaidi katika kutekeleza malengo mkakati yafuatayo:

(i) Kuongeza uwezo wetu wa kushawishi wateja na wauzaji wa reja reja kununua bidhaa zetu kwa kuwapatia huduma za ubora wa kiwango cha juu, kuwasaidia kupata orodha ya vinywaji vyetu vyote na kuwapatia uhakika wa kupata faida kubwa.

(ii) Kuendeleza juhudi za kukuza uwezo wa kujitegemea kupitia matumizi ya rasilimali za ndani pamoja na kusaidia kuboresha kilimo na mashamba kupitia mbinu bora za kilimo ambazo zitasaidia kuboresha upatikanaji wa mahitaji yetu na ya watu wengine.

(iii) Kuboresha malengo yetu kwa kuwapatia fursa wafanyakazi wetu kufanya kazi katika maeneo makuu ya mkakati wetu kwa lengo la kuwasaidia kukuza ujuzi na kufikia malengo yao binafsi.

(iv) Kupanua uuzaji wa vinywaji teule vya TBL katika nchi jirani na kwenye masoko mengine.

Nina matarajio ya matokeo mazuri zaidi katika siku za usoni, si tu katika Kampuni ya TBL Group bali pia katika uchumi wa taifa. Nina imani kwamba TBL itaendeleza rekodi yake ya kukuza mapato na gawio pamoja na mchango wake katika uchumi wa Tanzania. Mafanikio haya yamepatikana kutokana na utendaji mzuri, kujitoa kikamilifu na kufanya kazi kwa bidii kwa wafanyakazi na menejimenti ya TBL Group. Ninawashukuru sana wote kwa ushirikiano mzuri mliouonyesha.

Aidha, ninapenda kuishukuru sana Bodi yetu kwa msaada iliotoa, ninawashukuru wateja wetu kwa kushirikiana nasi, wafanyakazi wetu na menejimenti kwa kuendelea kufanya kazi vizuri zaidi na kwa kujitoa kikamilifu katika kutoa huduma bora zaidi kwa wateja wetu, ninawashuruku sana wadau wetu kwa msaada wao katika kutusaidia kutoa mchango mzuri katika upatikanaji na upanuaji wa biashara ya vinywaji vya bia nchini Tanzania. Kutokana na ushirikiano wao mzuri, TBL imeendelea kuongoza katika sekta hii nchini Tanzania.

Tunapenda kutambua kwa namna ya kipekee ushirikiano mzuri tulioupata kutoka serikali ya Tanzania kwa mwaka huu. Tunaahidi kuendeleza ushirikiano huu na serikali katika utendaji wetu wa baadaе.

Cleopa David Msuya
Mwenyekiti

Vision, Mission & Company Values

Vision

To be the most admired Company in Tanzania

- 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 relationship
- We encourage camaraderie and a sense of fun

We understand and respect our customers and consumers

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

Our reputation is indivisible

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

Report of the Directors

For the year ended 31 March 2012

The Directors submit their annual report together with the audited financial statements for the year ended 31 March 2012, which disclose the state of affairs of Tanzania Breweries Limited (the "Company") and its subsidiaries, Tanzania Distilleries Limited and Kibo Breweries Limited (together the ''Group").

1. INCORPORATION

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

- 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 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 creating general infrastructure shortcomings, causing problems in the delivery of our products. High and double digit inflation together with a weakening of the Shilling against major foreign currencies as well as a significant increase in energy costs placed pressure on consumer demand. Growth in the economy and gains in market share, however resulted in organic volume growth over the 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 800,948 million represents a growth of 26% on 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 29% ahead of prior year. This performance is reflected in the increase in profit for the year to Tshs 166,415 million from Tshs 121,695 million in 2011.

A total of Tshs 99.2 billion was invested in capital investment compared to Tshs 52.4 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 operating activities still exceeded Tshs 226 billion, reflecting a 5% increase on prior year. Of this amount, Tshs 68 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 approved payment of a dividend for the year ended 31 March 2012 of Tsh 200 per share amounting to Tshs 58,986 million, which was subsequently paid on 23 April 2012.

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 2011, 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 BV.

Mr. W. Hall (South African)
Commercial Director SABMiller Africa appointed on the TBL Board on 25th January 2012. He is an appointee of SABMiller Africa BV.

Mr. D. Carruthers (British)
Director of Marketing SABMiller Africa, has been serving the Board since July 2001. He is an appointee of SABMiller Africa BV.

7. COMPOSITION OF THE BOARD OF DIRECTORS (CONTINUED)

Mr. R. Goetzsche (South African)
Director of Operations, East Africa, for SABMiller Africa and the Managing Director, Tanzania Breweries Limited. He was appointed to the Board on 1st January 2009. He is representing SABMiller Africa BV.

Ambassador A.R. Mpungwe (Tanzanian)
Businessman, appointed by SABMiller Africa BV in October 2001.

Ms. E. Nyambibo (Tanzanian)
She is the Deputy Permanent Secretary, Ministry of Finance, sitting on the Board as the Government's representative with effect from 17th August 2011.

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 BV, 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.

Directors who resigned during the year:

Mr. M. Bowman
He was the Managing Director of SABMiller Africa. He resigned on 24th January 2012.

Mr. J. Haule
He was the Deputy Permanent Secretary, Ministry of Finance. He resigned on 17th August 2011.

Operating Board:

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

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

Ms. K. Thomas (South African), Marketing Director – appointed 1st October 2011

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

Mr. S.F. Kilindo (Tanzanian), Corporate Affairs and Legal Director

Mr. G. van Wijk (South African), Technical Director – appointed 1st of April 2011

7 . COMPOSITION OF THE BOARD OF DIRECTORS (CONTINUED)

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

Mr. D. Mgwassa (Tanzanian), Managing Director, Tanzania Distilleries Limited

Mr. K. Wanyoto (Ugandan), Human Resources Director – appointed 1st October 2011

The Company secretary as at 31 March 2012 was Huruma Ntahena.

The Board met four times during the year.

Directors holding shares are listed below.

	Ordinary Shares	Ordinary Shares
	2012	**2011**
C.D. Msuya	12,000	8,000
J. M. Haule	8,000	100
R.O.S. Mollel	3,600	3,600
A.R. Mpungwe	7,000	7,000
A.B.S. Kilewo	37,641	10,000
P.J.I. Lasway	25,362	25,362
Total	**85,603**	**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.

GROUP AUDIT COMMITTEE

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.

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.

8. CORPORATE GOVERNANCE (CONTINUED)

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, including short term incentives for executive and senior management. The remuneration strategy is aimed at rewarding employees at market related levels and in accordance with their contribution to the Company's operating and financial performance in terms of basic pay as well as short-term incentives.

9. CAPITAL STRUCTURE AND SHAREHOLDERS

The company capital structure for the year under review was authorised, issued and fully paid 294,928,463 ordinary shares of TSh 100 each (2011: 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 22.2 of the financial statements.

10. MANAGEMENT

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

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

11. STOCK EXCHANGE INFORMATION

The Company is listed on the Dar es Salaam Stock Exchange. The share price at 31 March 2012 was TShs 2,620 (2011: TShs 1,820) and market capitalization was TShs 772,713 million (2011: TShs 536,770 million).

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 with such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 31 March 2012 and is of the opinion that they met accepted criteria. The Board carries out 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 an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

Training Facilities

The Company spent about Tshs 945 million for staff training programme in the year, compared to Tshs 897 million in 2011. The programme are aimed at improving the employee's technical skills and effectiveness. Training programmes have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

Medical Assistance

The Company provides medical services through onsite dispensaries and outside hospitals. Staff are entitled to access referral hospitals as the need arises. 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.

14. EMPLOYEE WELFARE (CONTINUED)

Medical Assistance (continued)

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 with 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

On 31 March 2012, the company had 1,708 (2011:1,784) employees, out of which 213 (2011:172) were female and 1,495 (2011: 1,612) were male.

16. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note 32 to the financial statements.

17. POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political donations during the year. Donations made to charitable organisations during the year amounted to Tshs 321 million (2011: Tshs 295 million).

Report of the Directors (continued)

For the year ended 31 March 2012

18. ENVIRONMENTAL CONTROL PROGRAMME

With the ongoing focus at the 5% reduction per annum in water and energy usage, and dedicated performance improvement teams in place at each site, the Company achieved a 13.4 % reduction in water usage over the prior year. Energy reduction only achieved a 1.6%. The underperformance on energy was mainly due to an over usage of diesel for electrical self generation reasons.

On the SABMiller global Sustainable Development Assessment Matrix (SAM), the Company improved from a 2.99 to a 3.28 average on the “10 priorities, One Future” theme.

The Water Futures Partnership

This partnership is between the Company, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the World Wildlife Fund (WWF). The partnership has focused on engaging both public and private stakeholders, e.g. Ministry of Water, Dar-Es-Salaam Water & Sewage Company (DAWASCO) and Tanga Cement to address existing water scarcity and develop strategies to prevent potential future threats to water sources.

The Water Futures brochure is now available and will be used to create awareness to large business water-users in Dar es Salaam of the threats posed to the Wami-Ruvu basin, the main source of water for Dar es Salaam. Also, it will provide an opportunity to the large businesses to support the partnership and work towards the common goal to ensure sustainable water resources for Dar es Salaam and its residents.

19. CORPORATE SOCIAL RESPONSIBILITY

Sustainable Water Supply to Communities Program **“Hakuna Maji Hakuna Uhai”**

No Water, No Life (Bila Maji, Hakuna Uhai) is a TBL initiative that facilitates the access of clean and safe water to local communities and institutions. The company has made various contributions to this project amounting over TShs 206 million to facilitate this program during the year. The beneficiaries include Mwananyamala hospital, Lugarawa Secondary School in Ludewa, Maji Safi kwa Afya Bora Ifakara (MSABI), Mbagala Roundtable dispensary, Mchikichini market, Bungo Water Project, Diocese of South-West Tanganyika, Magomeni Primary School and Morogoro Regional Hospital. The Company estimates that over 100,000 beneficiaries are benefiting from No Water, No Life initiative through access to safe water, reduction in water-borne diseases, such as typhoid, dysentery and cholera, reduction of maternal and infant mortality, improvement in school attendance and improved sanitary conditions.

In the previous year (FY2010/11) the Company under this initiative donated over TShs 400 million in various projects nationwide.

Other Corporate Social Investments:-

In Moshi, 10,000 tree seedlings were donated and planted by TBL staff with support from Moshi Municipal and the community in protection of the environment and beautification of the city in May 2011.

Ilulu Secondary School Lindi, was the recipient of laboratory equipment worth Tshs 11 million donated by TBL in August 2011.
This contribution was a follow up of the 2009 construction of a new laboratory class by the company.

St. Maria Gorreti Secondary School, Moshi, received TShs. 10 million in August 2011, to purchase laboratory equipment and a vehicle.

A donation of Tshs.10 million was presented to the Government of Zanzibar in September 2011 to aid rescue, recovery and support survivors of the MV Spice Islander accident.

Report of the Directors (continued)

For the year ended 31 March 2012

19. CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Other Corporate Social Investments (continued):-

A donation of Tshirts and caps valued at Tshs 14 million were handed over to the Traffic Police in support of the national Road Safety week in October 2011.

In December 2011, TBL staff donated and planted 4000 tree seedlings at Songwe airport and brewery in Mbeya. Also, 200 bags of cement were given to Hon. Abbas Kandoro (Regional Commissioner) to facilitate the construction of classrooms in several schools in the region.

80 desks were donated to Butiama Secondary School and books presented to the Nyerere museum in October 2011 in celebration of 50 years of Independence. This was part of the Kilimanjaro Jivunie UTanzania campaign, which ended in December 2011.

Bomang'ombe and Kilema Hospitals in Moshi were recipients of 200 mattresses and mosquito nets valued at TShs 15 million in February, 2012. This was in commemoration of the 10th anniversary of the Kilimanjaro Marathon 2012.

20. AUDITORS

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

BY ORDER OF THE BOARD

cdmsuya

Hon. C.D. Msuya
Chairman
Date: 13 July, 2012

Did you know?

Tanzania Breweries has invested over Tshs.1.1bn in the training and development of the workforce over the last 12 months. This went into building skills of the workforce in several fields such as leadership, people management skills, plant maintenance upgrade, product quality training, workplace safety, safe machine operation, commercial skills, brand management skills, employee health among many others. In addition, all breweries have 24-hour on-site dispensaries with qualified doctors and medical practitioners who provide free healthcare services for employees and their families.

Managing Director's Report

Tanzania Breweries Group (TBL) is once again pleased to report an exceptional performance for the year ended 31 March 2012, despite the challenging macroeconomic environment characterized by rising fuel prices, unreliable power supply, the depreciation of the Tanzania Shilling and increased competition.

Revenue grew by 26% over the same period last year due to volume gains, improved product mix in the premium segment, as well as a below inflationary price increase adjustment. The prolonged interruptions in power supply together with the 40% increase in electricity tariff had an adverse impact on our cost of manufacturing. 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 increases 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 24% increase in gross profit over the prior year.

Lager beer volumes grew by 14% this year, compared to 5.5% in the prior year. Marketing spend on all brands continued with specific focus on brand and pack innovation. We also improved the efficiency in our supply chain and continued investing in additional warehouse space and handling facilities.

Castle Lite, launched in 2011 in the premium category, continued to exceed volume expectations. Balimi Lager benefited from the pack change into the long neck 500ml returnable bottle. Vita Malt, a non-alcoholic malt drink was added to the portfolio after formalising licencing with the Danish brewer, Royal Unibrew A/S. Mbeya brewery continued its excellent growth in southern Tanzania. Our main export market continues to be Kenya where we have formally launched a number of brands and we will continue to look for additional growth from this market in the coming years.

Tanzania Distilleries Limited continued to record excellent volume growth, ending the year 33% ahead of the prior year. Growth can be attributed to increased capacity and capability, focused management of counterfeit products, as well as superior market execution in the market place.

Improved efficiencies and cost management resulted in a 31% increase in operating profit. Cash generated from operations reached TShs 217 billion of which Tshs. 68 billion (an increase of 70%) was utilised to pay corporate tax, and the remainder applied towards funding of interest, capital expenditure and dividends.

In November 2011, East African Breweries Limited divested of its 20% shareholding in Tanzania Breweries Limited sold through a public offer at TShs. 2 060 per share. This resulted in a new shareholding structure in which local Tanzanians gained 11%, SABMiller 4.7% and East Africans 4.2%, bringing down total foreign shareholding from 76.6% to 65.6%.

The enterprise development initiative, part of our approach to sustainable development to support our supply chain through local sourcing of key raw materials, did not produce the results that had been anticipated, as only 6,285 tons of malting barley was delivered against an initial target of 16,858 tons. In the process TBL ended up with over one billion TShs. of outstanding loans from contracted farmers. TBL is in the process of redirecting local barley sourcing efforts at larger, more sustainable, commercial farmers.

In line with this initiative, the decision to produce more wines using locally grown grapes, in spite of an introduction of excise of TShs 420 per liter, has shown significant progress resulting in contracting additional farmers in central Dodoma region, where grapes produced from small scale farmers are used by Tanzania Distilleries in the production of Valeur brandy as well as their different brands of local wines.

The "Ten Priorities One Future" priority theme relating to Responsible Drinking continued to be embedded in our operations, as well as with our staff. Responsible Drinking is communicated internally through weekly alcohol messages circulated electronically and posted on all notice boards. Information is sourced from the SABMiller Alcohol policy framework, www.talkingalcohol.com and International Center for Alcohol Policies (ICAP). The Sales & Marketing Compliance Committee (SMCC) view and approve all commercial communications (advertisements, packaging, etc) to ensure that the Company is in compliance with the SABMiller Code of Commercial Communication.

Over the past five years, TBL has been supporting the Police Force during National Road Safety Day through donation of items that promote and/or control road safety (e.g. T-shirts and caps). This further enhances the Company's reputation as a responsible brewer that wants our beers to add to the enjoyment of life of consumers.

In alignment with SABMiller's Licence to Trade way, Corporate Social Investments (CSI) are made in the communities where TBL operates in. Primary focus of CSI is on Water. The "No Water, No Life" initiative's sole purpose is to improve the

supply of clean and safe water to disadvantaged communities and institutions. This year, "No Water No Life" aided over 100,000 beneficiaries nationwide gaining access to water through boreholes, wells and installed and upgraded piped-water systems.

TBL has once again been awarded and recognized as one of the safest places to work by the National Occupational Safety Audit (NOSA) and the Occupational Safety & Health Authority (OSHA).

The Focus Profit Improvement Project (PIP) has set separate PIPs for Brewing, Packaging and Utilities. This focuses on the eradication of waste. For example, in packaging, the water usage is measured per machine, rather than overall in the brewery. Overall, water usage has improved from 6.8 hls to 5.7 hls per hl brewed over the past year.

The implementation of the new Human Resources Operations Model (HROM) in Tanzania has been a success. The main objective has been to upgrade our Human Resources Management capability to ensure a true partnership approach with line managers to drive competency development and improved performance.

The recruitment of additional HIV/AIDS Peer Health Educators (PHEs) and training was completed with the objective of reducing the ratio of PHE to employees, which is now at 1:10. Knowledge Awareness and Prevention (KAP) survey was performed to measure employee awareness of HIV/AIDS, prevention and VCT services available at all TBL breweries.

The future prospects for the business are relatively positive but are dependent on the country's economic performance, the strength of the Tanzania Shilling, a rapid decline in inflation and lower energy prices.

We continue to work with all stakeholders to ensure that we continue to maintain positive growth earnings for the business.

Goetzsche -

Robin Goetzsche
Managing Director

Taarifa ya Mkurugenzi Mkuu

Kundi la Kampuni ya Bia Tanzania (TBL) kwa mara nyingine inayo furaha kubwa kutoa taarifa ya utendaji mzuri na wa aina yake katika mwaka wake wa fedha uliyoishia tarehe 31 Machi 2012, japokuwa kulikuwa na changamoto za mazingira magumu ya kiuchumi hasa kutokana na kupanda kwa bei za mafuta, matatizo ya umeme, kushuka kwa thamani ya fedha ya Tanzania na kuongezeka kwa ushindani.

Mapato yatokanayo na mauzo yaliongezeka kwa 26% ikilinganishwa na ya kipindi kama hicho mwaka uliopita na hii ilitokana na uzalishaji mzuri, mchanganyiko bora wa mauzo ya vinywaji vya premium pamoja na marekebisho ya bei yaliyowiana na mfumuko wa bei. Tatizo sugu la kukatika kwa umeme pamoja na ongezeko la 40% bei ya umeme iliathiri sana gharama zetu za uzalishaji. Kushuka kwa thamani ya sarafu ya Tanzania ikilinganishwa na sarafu za wabia wetu wa biashara katika nchi nyingine kulisababisha kuongezeka kwa gharama za manunuzi ya bidhaa na malighafi kutoka nje ya nchi, wakati huo huo kupanda kwa bei ya mafuta kuliathiri gharama za nishati pamoja na gharama za usambazaji. Udhibiti mzuri wa gharama za uendeshaji, ununuzi wa rasilimali kwa akiba ili itumike fedha inaposhuka thamani na uboreshaji wa utendaji vilisaidia kupunguza athari katika ufanisi na mafanikio ya Kampuni. Hii ilisaidia kuwa na ongezeko la 24% katika pato ghafi ikilinganishwa na mwaka uliopita.

Uzalishaji wa bia uliongezeka kwa 14% kwa mwaka huu ikilinganishwa na ongezeko la 5.5% mwaka uliopita. Utafutaji wa soko kwa bidhaa zote ulielekezwa katika kubuni bidhaa na chupa mpya. Tuliboresha pia ufanisi katika usambazaji na tuliendelea kuongeza uwekezaji katika maghala na vifaa vya kuhifadhia. Bia ya Castle Lite, iliyozinduliwa mwaka 2011 ambayo ni miongoni mwa vinywaji vya ``premium", imeendelea kuwa na uzalishaji mzuri zaidi kuliko ilivyotarajiwa. Balimi Lager imependwa kutokana na kuongezewa urefu wa shingo ya chupa yake pasipo kuathiri ujazo wake wa 500ml. Vita Malt, kinywaji cha kimea kisicho na kilevi iliongezwa katika orodha ya vinywaji baada ya kurasimisha makubaliano na kampuni ya bia ya Denmark, Royal Unibrew A/S. Kiwanda chetu cha bia Mbeya kimeendelea kuwa chachu kwenye uzalishaji wa bia katika maeneo ya Kusini mwa Tanzania. Soko letu kuu la uuzaji wa nje limeendelea kuwa Kenya ambapo tumezindua vinywaji vya aina nyingi na tunaendelea kufikiria namna ya kulipanua zaidi soko hili miaka ijayo.

Kampuni ya Konyagi (Tanzania Distilleries Limited) imeendelea kutunza rekodi yake ya ukuaji kwa kuwa na ongezeko la kiasi cha mauzo cha 33% zaidi ya mwaka uliopita. Ongezeko hili la kiasi cha mauzo linaweza kuhusishwa na kupanuka kwa uwezo wa kiwanda na utekelezaji wa mbinu za kisasa za masoko.

Utendaji mzuri wa kazi na udhibiti wa gharama za uzalishaji umesaidia kuleta faida nzuri katika utendaji ya 31%. Fedha taslimu iliyopatikana katika utendaji ilifikia shilingi bilioni 217, ambapo shilingi bilioni 68 (ambalo ni ongezeko la 70%) ilitumika katika kulipa kodi ya mapato , na iliyobaki ilitumika katika kulipa riba, mali ya kudumu na gawio.

Mwezi Novemba 2011, 20% ya hisa za East African Breweries Limited katika kampuni ya Tanzania Breweries Limited ziliuzwa kupitia Soko la Hisa la Dar es Salaam kwa bei ya Tsh. 2,060 kwa kila hisa. Mauzo haya yalileta uwiano mpya wa umiliki wa hisa ambapo hisa za watanzania ziliongezeka kwa 11%, SABMiller 4.7% na wakazi wa Afrika Mashariki 4.2%, na hivyo kufanya hisa zinazomilikiwa na wanahisa wan je kushuka kutoka 76.6% hadi 65.6%.

Kampuni ipo katika mkakati wa ujasiriamali ili uweze kuwa wa maendeleo endelevu na kuimarisha mzunguko wa manunuzi yetu kupitia ununuzi wa malighafi muhimu ndani ya nchi, na hasa katika kilimo cha shayiri ambao hata hivyo haukuzaa matunda yaliyotarajiwa kwani ni tani 6,285 tu za shayiri zilipatikana kinyume na tani 16,858 zilizokuwa zimekusudiwa awali. Katika mchakato huu TBL ilimaliza mwaka na deni la fedha za kitanzania la shilingi bilioni moja ambazo hulipwa na wakulima walioingia mkataba na kampuni. Tupo katika mchakato wa kubadili mfumo wa ukulima na ununuaji wa shayiri kwa kuwahusisha wakulima wakubwa.

Sambamba na mkakati huu, uamuzi wa kutengeneza mvinyo kwa kutumia zabibu zinazozalishwa nchini, licha ya ushuru wa shilingi 420 kwa lita, umeonyesha mafanikio makubwa yaliyopelekea kuingia mkataba na wakulima wengine kutoka wa Dodoma, ambapo zabibu zinazolimwa na wakulima wadogo wadogo hutumiwa na Kampuni ya Konyagi (Tanzania Distilleries Ltd) katika utengenezaji wa vinywaji vya Valeur pamoja na aina mbalimbali za vinywaji vya mvinyo.

Kauli mbiu ya "Vipaumbele Kumi, Mustakabali Mmoja" wa kunywa kwa Tahadhari imeendelea kuwa sehemu ya utekelezaji wa majukumu yetu na kwa wafanyakazi wetu. "Kunywa kwa tahadhari" imeendelea kuhamasishwa ndani kwa ndani kupitia ujumbe unaosambazwa kila wiki kwa njia ya barua pepe na kubandikwa kwenye mbao za matangazo. Taarifa hii imechukuliwa kutoka katika Sera ya Vilevi ya SABMiller inayopatikana katika tovuti ya www.talkingalcohol.com na kwenye Kituo cha Kimataifa cha Sera za Vilevi (ICAP), Kamati ya Mauzo na Makubaliano ya Masoko ambayo hupitia na kupitisha mawasiliano yote ya kibiashara (matangazo, uwekaji lebo wakati wa kupakia, n.k.) ili kuhakikisha kwamba yanawiana na maadili ya matangazo ya biashara ya SABMiller.

Taarifa ya Mkurugenzi Mkuu (continued)

Katika kipindi cha miaka mitano iliyopita, TBL imekuwa ikilisaidia Jeshi la Polisi katika wiki ya Usalama Barabarani kupitia utoaji wa vifaa vya kuhamasisha na/ au kudhibiti usalama barabarani (mfano; fulana na kofia). Hii imeijengea kampuni jina zuri na kueleweka kuwa ni kampuni ya bia inayowajibika na yenye lengo la kufanya bia zake zichangie katika furaha ya maisha ya wateja wake wengi.

Kulingana na leseni ya biashara ya SABMiller ya kufanya biashara mpaka nje ya mipaka, uwekezaji wa shirika katika jamii (Corporate Social Investment) ulifanyika kwenye jamii ambazo TBL inafanyia shughuli zake. Lengo kuu la Uwekezaji wa Shirika katika Jamii lilielekezwa katika maji. Lengo kuu la kauli mbiu ya "Hakuna Maji Hakuna Uhai" ni kuboresha upatikanaji wa maji safi na salama kwa jamii na asasi zilizo katika mazingira magumu. Kauli mbiu ya "Hakuna Maji Hakuna Uhai" ilisaidia watu zaidi ya 100,000 nchi nzima kupata maji kupitia visima, mabwawa na mifumo ya mabomba ambayo iliwekwa na mingine kuboreshwa, na kiasi kilichotumika ni Shg. 206,142, 050/=, na kwa masuala ya afya, elimu, utunzaji mazingira, na Wiki ya Nenda kwa Usalama, Shg. 95,744,000/=, zilitumika.

Kwa mara nyingine tena, TBL imetambuliwa kuwa miongoni mwa sehemu salama zaidi za kufanyia kazi na kupewa tuzo na Shirika la Kimataifa la Usalama na Afya Kazini (NOSA) na Mamlaka ya Afya na Usalama Mahali pa Kazi (OSHA).

Mradi wa Kuboresha Faida (PIP) umeandaa miradi mingine ya kuboresha faida katika utengenezaji wa bia, upakiaji na huduma kwa wateja. Mradi huu unaelekeza juhudi zake katika kutokomeza upotevu unaojitokeza. Kwa mfano, katika kitengo cha upakiaji matumizi ya maji yanapimwa kwa kila mtambo na siyo kuangalia hali ilivyo kwa jumla kwenye kiwanda cha bia. Kwa ujumla matumizi ya maji yamepunguzwa kutoka 6.8 hl mwaka uliopita hadi kufikia 5.7 hl kwa kila hl ya bia inayotengenezwa.

Utekelezaji wa mfumo mpya ya usimamizi wa rasilimali watu nchini Tanzania umekuwa na mafanikio mazuri. Lengo kubwa limekuwa kukuza uwezo wa usimamizi wa rasilimali watu ili kuwa na mkabala mzuri wa ubia na wasimamizi na kuongeza uwezo na ufanisi katika utendaji.

Shughuli ya kuajiri waelimishaji rika wengi zaidi wa masuala ya afya ya VVU/UKIMWI na kuwapatia mafunzo lilifanikiwa ikiwa na lengo la kupunguza uwiano wa idadi ya wafanyakazi na waelimishaji rika, ambapo kwa sasa uwiano ni 1:10. Utafiti wa kupima uelewa na kinga ulifanyika ili kupima uelewa wa wafanyakazi kuhusu VVU/UKIMWI, kinga na huduma za ushauri nasaha na upimaji wa hiari (VCT) zinazopatikana katika viwanda vyote vya TBL.

Utendaji kwa mwaka ujao unategemewa kuwa wenye mafanikio mazuri ingawa itategemea mwelekeo wa kiuchumi nchi, kuimarika kwa sarafu ya Tanzania, kupungua kwa kasi ya mfumuko wa bei na gharama za nishati.

Tutaendelea kushirikiana na wadau wote ili kuhakikisha kwamba tunaendelea kukuza mapato ya kampuni.

Robin Goetzsche
Mkurugenzi Mkuu

TBL Responsible Way - Kuwajibika kwa TBL

1. RESPONSIBLE ALCOHOL USE
TBL group practices and promotes the responsible use of alcohol by those who decide to consume our products, while at the same time endeavoring 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 has an employee alcohol policy in place, which provides guidelines on responsible behavior as related to the use of alcohol by our employees.

4. COMMERCIAL COMMUNICATION
Our Compliance Committee meet 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, 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 community through our campaign Drink Responsibly Drive Responsibly. Annually we sponsor responsible anti-drink and drive campaign activities, provide communication materials and meet several of the road safety week event costs.

6. UNDERAGE 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 programme has been directed at bartenders, waiters and waitresses at beer outlets and restaurants, store clerks, 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.

Statement of Directors' Responsibilities

For the year ended 31 March 2012

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 26.

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.

Hon. C.D. Msuya
Chairman

Report of the Independent Auditor

to the members of Tanzania Breweries Limited For the year ended 31 March 2012

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 Group's and Company's balance sheets as at 31 March 2012, and their respective 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

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

Auditor's responsibility

Our responsibility is to express an opinion on 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 our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Group's and of the Company's affairs as at 31 March 2012 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 purpose.

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.

Signed by Leonard C. Mususa
Date: 13 July 2012

Certified Public Accountants
Dar es Salaam

Profit and Loss Accounts

For the year ended 31 March 2012

		Group		Company	
	Notes	2012 Tshs'M	2011 Tshs'M	2012 Tshs'M	2011 Tshs'M
Revenue	6	**800,948**	635,863	**675,265**	543,922
Cost of sales	7	**(407,575)**	(318,845)	**(333,435)**	(270,954)
Gross profit		**393,373**	317,018	**341,830**	272,968
Selling and distribution costs	7	**(109,856)**	(96,063)	**(100,984)**	(89,818)
Administrative expenses	7	**(51,265)**	(48,178)	**(44,505)**	(43,442)
Other income	9	**9,213**	4,874	**24,964**	16,768
Derivative (losses)/income	10	**(2,177)**	5,859	**(2,177)**	5,859
Operating profit		**239,288**	183,510	**219,127**	162,335
Finance income	11	**9,534**	1,452	**9,534**	1,452
Finance costs	11	**(10,594)**	(11,779)	**(8,337)**	(10,807)
Profit before income tax		**238,228**	173,183	**220,324**	152,980
Income tax expense	12	**(71,813)**	(51,488)	**(62,089)**	(42,894)
Profit for the year		**166,415**	121,695	**158,235**	110,086

Statements of Comprehensive Income

For the year ended 31 March 2012

		Group		Company	
	Notes	2012 Tshs'M	2011 Tshs'M	2012 Tshs'M	2011 Tshs'M
Profit for the year		**166,415**	121,695	**158,235**	110,086
Total comprehensive income		**166,415**	121,695	**158,235**	110,086
Attributable to:					
Non-controlling interests		**7,693**	7,528		
Equity holders of the Company		**158,722**	114,167		
		166,415	121,695		
Basic earnings per share (Tshs)	13	**542.7**	387.1		
Diluted earnings per share (Tshs)	13	**538.2**	387.1		

Balance Sheets

As at 31 March 2012

	Notes	Group 2012 Tshs'M	Group 2011 Tshs'M	Company 2012 Tshs'M	Company 2011 Tshs'M
ASSETS					
Non-current assets					
Property, plant and equipment	15	**363,298**	312,368	**349,781**	306,441
Intangible assets	16	**40,943**	40,964	**1,313**	1,334
Investments	17	**88**	88	**45,108**	45,108
Prepaid lease	18	**993**	1,004	**-**	-
		405,322	354,424	**396,202**	352,883
Current assets					
Inventories	19	**127,859**	97,302	**110,070**	84,419
Accounts receivable	20	**55,130**	20,624	**73,330**	17,237
Bank and cash balances	21	**100,509**	52,263	**96,667**	51,156
		283,498	170,189	**280,068**	152,812
Total assets		**688,820**	524,613	**676,269**	505,695
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	22	**29,493**	29,493	**29,493**	29,493
Share premium		**45,346**	45,346	**45,346**	45,346
Retained earnings		**336,410**	236,675	**329,555**	230,306
Other reserves	23	**(12,209)**	-	**(12,209)**	-
		399,040	311,514	**392,185**	305,145
Non-controlling interests		**6,070**	5,759	**-**	-
Total equity		**405,110**	317,273	**392,185**	305,145
LIABILITIES					
Non-current liabilities					
Borrowings	24	**57,725**	61,475	**57,725**	61,475
Deferred income tax liabilities	25	**33,962**	29,070	**33,085**	28,387
Provisions	26	**493**	274	**493**	274
		92,180	90,819	**91,303**	90,136
Current liabilities					
Trade and other payables	27	**167,089**	91,226	**168,186**	85,004
Borrowings	24	**19,140**	18,871	**19,140**	18,871
Income tax payable		**5,301**	6,424	**5,455**	6,539
		191,530	116,521	**192,781**	110,414
Total liabilities		**283,710**	207,340	**284,084**	200,550
Total equity and liabilities		**688,820**	524,613	**676,269**	505,695

The financial statements on pages 27 to 73 were authorised for issue by the board of directors and they were signed on its behalf by:-

Hon. C.D. Msuya
Chairman Date: 13 July 2012

Statements of Changes in Equity

For the year ended 31 March 2012

Attributable to equity holders of the Company

	Notes	Share capital Tshs'M	Share premium Tshs'M	Other reserves Tshs'M	Retained earnings Tshs'M	Non controlling interest Tshs'M	Total Equity Tshs'M
GROUP							
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		-	-	-	114,167	7,528	121,695
Transactions with owners							
Dividends paid	14	-	-	-	-	(5,647)	(5,647)
Balance at 31 March 2011		**29,493**	**45,346**	**-**	**236,675**	**5,759**	**317,273**
Year ended 31 March 2012							
Balance at 1 April 2011		29,493	45,346	-	236,674	5,759	317,272
Comprehensive income							
Profit for the year		-	-	-	158,722	7,693	166,415
Transactions with owners							
Dividends paid	14	-	-	-	(58,986)	(7,382)	(66,368)
Purchase of own shares (treasury shares)	23	-	-	(12,209)	-	-	(12,209)
Balance at 31 March 2012		**29,493**	**45,346**	**(12,209)**	**336,410**	**6,070**	**405,110**

	Notes	Share capital Tshs'M	Share premium Tshs'M	Other reserves Tshs'M	Retained earnings Tshs'M	Total Equity Tshs'M
COMPANY						
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**
Year ended 31 March 2012						
Balance at 1 April 2011		29,493	45,346	-	230,306	305,145
Comprehensive income						
Profit for the year		-	-	-	158,235	158,235
Transactions with owners						
Dividends paid		-	-	-	(58,986)	(58,986)
Purchase of own shares (treasury shares)	23	-	-	(12,209)	-	(12,209)
Balance at 31 March 2012		**29,493**	**45,346**	**(12,209)**	**329,555**	**392,185**

Cash Flow Statement

For the year ended 31 March 2012

	Notes	Group 2012 Tshs'M	Group 2011 Tshs'M	Company 2012 Tshs'M	Company 2011 Tshs'M
Cash flows from operating activities					
Cash generated from operations	31(i)	**216,940**	221,442	**176,738**	194,593
Interest paid		**(10,732)**	(11,779)	**(8,475)**	(10,807)
Income tax paid	31(ii)	**(68,045)**	(40,112)	**(63,173)**	(31,139)
Net cash inflow from operating activities		**138,163**	169,551	**105,090**	152,647
Cash flows from investing activities					
Purchase of property, plant and equipment		**(99,290)**	(52,414)	**(90,745)**	(50,211)
Purchase of intangible assets	16	**(597)**	(536)	**(597)**	(536)
Dividend income received		**-**	-	**13,709**	10,059
Interest received		**8,598**	1,452	**8,598**	1,452
Proceeds from disposal of property, plant and equipment		**17,198**	163	**16,996**	139
Net cash used in investing activities		**(74,091)**	(51,335)	**(52,039)**	(39,097)
Cash flows from financing activities					
Unclaimed dividends /(dividends paid) to company shareholders	31(iii)	**(831)**	144	**(831)**	144
Dividends paid to non controlling interests	31(iii)	**(7,385)**	(5,647)	**-**	-
Proceeds from corporate bonds		**-**	52,100	**-**	52,100
(Repayments)/proceeds from bank borrowings		**(10,244)**	(18,568)	**(10,244)**	(18,568)
Intergroup funding		**-**	(41,842)	**-**	(41,842)
Purchase of own shares	23	**(12,209)**	-	**(12,209)**	-
Net cash utilised in financing activities		**(30,669)**	(13,813)	**(23,284)**	(8,166)
Net increase in cash and cash equivalents		**37,623**	104,403	**34,765**	99,525
Cash and cash equivalents at the start of year		**50,975**	(48,696)	**49,868**	(49,732)
Exchange gain on cash and cash equivalent		**8,523**	(4,732)	**9,424**	(5,784)
Cash and cash equivalents at the end of year	21	**92,901**	50,975	**89,059**	49,868

Did you know?

Our distributors are key to our success. The sales volume incentives awarded to our distributors has enabled them to further reinvest in their businesses and communities through expansion of distribution centres equipped with warehouses and distribution vehicles. This creates employment opportunities for both skilled & unskilled labourers, forklift operators, drivers, construction and warehouse management.

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Notes to Financial Statements

For the year ended 31 March 2012

1. GENERAL INFORMATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

Changes in accounting policy and disclosures

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

The following new standards and amendments to standards are mandatory for the first time for financial periods beginning on or after 1 January 2011.

Standard	Title
IAS 1	Presentation of financial statements
IAS 24	Related party disclosures
IFRS 7	Financial instruments: Disclosures

- The amendment to IAS 1, 'Presentation of financial statements' is part of the 2010 Annual Improvements and clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The application of this amendment has no impact on the Financial Statement as both the Group and Company did not have any other comprehensive income.

- The amendment to IAS 24, 'Related party disclosures' 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. The amended definition means that some entities will be required to make additional disclosures, e.g., an entity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

that is controlled by an individual that is part of the key management personnel of another entity is now required to disclose transactions with that second entity. This standard has no impact on related party disclosures of the Group and the Company.

- The amendments to IFRS 7, 'Financial Instruments - Disclosures' are part of the 2010 Annual Improvements and emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment has also removed the requirement to disclose the following;
- Maximum exposure to credit risk if the carrying amount best represents the maximum exposure to credit risk;
- Fair value of collaterals; and
- Renegotiated assets that would otherwise be past due but not impaired.

The application of the above amendment has no impact on the financial risk disclosures made by the Group or the Company.

Other amendments and interpretations to standards became mandatory for financial periods beginning April 2011 but had no significant effect on the Group's and the Company's financial statements

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

Standard	Title	Applicable for financial years beginning on/after
IAS 1	Presentation of financial statements	1 July 2012
IAS 19	Employee benefits	1 January 2013
IFRS 9	Financial instruments	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 12	Disclosure of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013

- IAS 1, Presentation of financial statements - The amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income. Entities will be required to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled will be presented separately from items that may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

The title used by IAS 1 for the statement of comprehensive income has changed to 'statement of profit or loss and other comprehensive income', though IAS 1 still permits entities to use other titles.

- IAS 19, Employee benefits - The impact on the Group and Company will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in other comprehensive income as they occur, to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/(asset). The Group and Company has yet to assess the full impact of the amendments.

Notes to Financial Statements

For the year ended 31 March 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)
Changes in accounting policy and disclosures (continued)

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

- IFRS 9, 'Financial instruments' - IFRS 9, was issued in November 2009 and October 2010 and replaces those parts of IAS 39 relating to the classification and measurement of financial instruments.
- IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is 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.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch. The Group and Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2013.

- IFRS 12, 'Disclosure of Interests in other entities' - IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including interests in subsidiaries, associates, joint arrangements, special purpose entities and other off balance sheet vehicles. The Group and the Company are yet to assess IFRS 12s full impact
- IFRS 13, 'Fair value measurement' - IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across all IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The Group and the Company is yet to assess IFRS 13s full impact.
- IFRS 10, 'Consolidated financial statements' - This is a new standard that replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.

The revised definition of control focuses on the need to have both power and variable returns before control is present. The Group will need to consider the new guidance.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured 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 non controlling 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 non controlling interests

The Group applies a policy of treating transactions with non controlling interests as transactions with parties external to the Group. Disposals to non controlling interests result in gains and losses for the Group that are recorded in the income statement. Purchases from non controlling 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.

(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 (Tsh), 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

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. The excess over deposit value is written down over a period of 3 - 5 years.

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 or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment identified is recognised immediately in the profit and loss account and is not reversed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

(ii) Software

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

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring them to use. Direct costs associated with the production of identifiable and unique internally generated software products controlled by the Group or Company are recognised as intangible assets, when the following criteria have been met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

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

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

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

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

(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.

2 . SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of assets (continued)

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

Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in 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) Investments in subsidiaries

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

(i) Inventories

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

- Raw materials: Purchase cost net of discounts and rebates on a first-in first-out basis (FIFO).
- Consumable stores and spares: Purchase cost net of discounts and rebates on a weighted average basis.
- 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.

(j) Deposits by customers

Bottles and containers in circulation are recorded within property plant and equipment and a corresponding liability is recorded in respect of the obligation to repay 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.

(k) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities on 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.

(m) Share capital

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

(n) 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.

(o) 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 finance costs.

(p) 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 substantively 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.

(q) 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 profit and loss account on a straight-line basis over the period of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits

(i) Bonus plans

The Group and the Company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group and the Company 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 and Company pay contributions to the National Social Security Fund (NSSF) and Parastatal Pensions Fund (PPF), which are publicly administered pension plans, on a mandatory basis. These are defined contribution schemes. A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity.

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

(iii)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 and the Company recognise 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.

(s) Earnings per share

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

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

(t) 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.

(u) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (continued)

(ii) Sale of goods (continued)

The Group and Company present revenue gross of excise duties because unlike value added tax, excise is not directly related to the value of sales. It is not generally recognised as a separate item on invoices, increases in excise are not always directly passed on to customers, and the Group and Company cannot reclaim the excise where customers do not pay for product received. The Group and Company therefore consider 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).

(iii) Interest income

Interest income is recognised using the effective interest method.

(iv) Royalty income

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

(v) Dividend income

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

(v) 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 Group or Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(w) 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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Derivative financial assets and financial liabilities (continued)

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

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

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

Did you know?

Our brands add more enjoyment to the life of our consumers. We make sure that our brands are affordable, readily available, easy to find and consumed responsibly. We listen to our consumers' needs so that they can enjoy brands of their choice exactly how they want it, when they want it and where they want it. Our consumers also have an extensive range of brands to select from, including both alcoholic and non-alcoholic beverages, to suit their taste.

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

Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies. 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 profit and loss statement and balance sheet.

GROUP	Exposure in ZAR	Exposure in US$	Exposure in Euro	Total exposure
31 March 2012	**Tshs`M**	**Tshs`M**	**Tshs`M**	**Tshs`M**
Financial assets/(liabilities)				
Cash and cash equivalents	-	1,248	10,289	11,537
Trade and other payables	(7,997)	(4,840)	(1,823)	(14,660)
Net monetary assets/ (liabilities)	**(7,997)**	**(3,592)**	**8,466**	**(3,123)**
31 March 2011				
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 assets/(liabilities)	**1,111**	**(2,463)**	**(859)**	**(2,211)**

COMPANY				
31 March 2012	**Tshs`M**	**Tshs`M**	**Tshs`M**	**Tshs`M**
Financial assets/(liabilities)				
Cash and cash equivalents	-	1,248	10,289	11,537
Trade and other payables	(7,997)	(3,251)	(1,676)	(12,924)
Net monetary assets/ (liabilities)	**(7,997)**	**(2,003)**	**8,613**	**(1,387)**
31 March 2011				
Financial assets/(liabilities)				
Cash and cash equivalents	346	5287	3624	9,257
Trade and other payables	765	(7,676)	(4,479)	(11,390)
Net monetary assets/(liabilities)	**1,111**	**(2,389)**	**(855)**	**(2,133)**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

At 31 March 2012, if the Tanzania shilling (TShs) had weakened/strengthened by 10% (2011: 10%) against the US dollar with all other variables held constant, Group's post-tax profit for the year would have been Tshs 251 million (2011: Tshs 172 million) higher/lower and the Company's post-tax profit for the year would have been Tshs 140 million (2011: Tshs 167 million), mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated cash and cash equivalents and trade and other payables.

At 31 March 2012, if the Tanzania shilling (TShs) had weakened/strengthened by 10% (2011: 10%) against the Euro with all other variables held constant, Group's post-tax profit for the year would have been Tshs 593 million (2011: Tshs 60 million) higher/lower and Company's post-tax profit for the year would have been Tshs 603 million (2011: Tshs 60 million), mainly as a result of foreign exchange gains/losses on translation of Euro-denominated cash and cash equivalents and trade and other payables.

(i) Foreign exchange risk (continued)

At 31 March 2012, if the Tanzania shilling (TShs) had weakened/strengthened by 10% (2011: 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 560 million (2011: Tshs 78 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 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 monitor financing options available to ensure optimum interest rates are obtained. At 31 March 2012, an increase/decrease of 100 basis points (2011 : 100 basis points) would have resulted in a decrease/increase in post tax profit of the Group and Company of Tshs 271 million (2011: Tshs 310 million).

(iii) Price Risk Disclosures

The Group and Company are exposed to equity securities price risk because of investment classified as available for sale. The amount of exposure is considered negligible both to the Group and Company. The Group and Company are not exposed to commodity price risk.

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:

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Trade receivables and other receivables				
Counterparties without external credit rating:				
Group 1 *	**142**	591	**69**	484
Group 2 *	**28,223**	6,408	**25,410**	4,354
Other receivables (excluding prepayments)	**4,330**	5,177	**30,520**	-
	32,695	12,176	**55,999**	4,838
Group 1 – New customers				
Group 2 – Existing customers with no defaults in the past.				
Cash at bank and short term bank deposits	**100,344**	52,125	**96,584**	51,078

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

Collateral held comprises:	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Cash security	**14,703**	12,028	**13,737**	12,028
Bank guarantees	**10,921**	5,766	**9,821**	5,766
	25,624	17,794	**23,558**	17,794

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

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Past due but not impaired:				
- by up to 30 days	**832**	429	**545**	308
- by 31 to 60 days	**394**	274	**238**	263
- by over 60 days	**2,136**	729	**1,871**	685
Total past due but not impaired	**3,362**	1,432	**2,654**	1,256
Receivables individually determined to be impaired:				
Carrying amount before provision for impairment loss	**1,311**	1,451	**1,046**	1,358
Provision for impairment loss	**(1,310)**	(1,023)	**(1,045)**	(930)
Net carrying amount	**1**	428	**1**	428

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

	31 March 2012		31 March 2011	
Name of bank	**Credit limit Tshs'M**	**Utilised Tshs'M**	Credit limit Tshs'M	Utilised Tshs'M
Group				
Stanbic Bank Tanzania Limited	**9,050**	**-**	9,000	-
Standard Chartered Bank Tanzania Limited	**30,000**	**-**	30,000	-
Citibank Tanzania Limited	**48,750**	**3,139**	9,000	-
National Bank of Commerce Limited	**21,000**	**3,333**	21,000	6,567
CRDB Bank Plc	**25,000**	**4,469**	26,000	1,288
National Microfinance Bank Plc	**30,405**	**7,010**	39,780	10,270
	164,205	**17,951**	134,780	18,125
Company				
Stanbic Bank Tanzania Limited	**9,050**	**-**	9,000	-
Standard Chartered Bank Tanzania Limited	**30,000**	**-**	30,000	-
Citibank Tanzania Limited	**48,750**	**3,139**	9,000	-
National Bank of Commerce Limited	**21,000**	**3,333**	21,000	6,567
CRDB Bank Plc	**25,000**	**4,469**	26,000	1,288
National Microfinance Bank Plc	**30,405**	**7,010**	39,780	10,270
	164,205	**17,951**	134,780	18,125

The table below analyses the group's financial liabilities and derivative financial instruments 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.

Notes to Financial Statements

For the year ended 31 March 2012

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

	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 2012				
Borrowings and interest on borrowings	**23,646**	**60,572**	**23,646**	**60,572**
Derivative financial instruments	**94,732**	**-**	**94,732**	**-**
Trade and other payables	**72,626**	**-**	**74,643**	**-**
At 31 March 2011				
Borrowings	25,024	74,603	25,024	74,603
Derivative financial instruments	34,062	-	34,062	-
Trade and other payables	57,911	-	51,688	-

Capital management

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

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

During the year ended 31 March 2012 the Group's and Company's strategy, which were unchanged from the prior year, was to maintain a gearing ratio of below 60%. The gearing ratios at 31 March 2012 and 2011 were as follows:

	Note	2012	2011
Group		**Tshs'M**	**Tshs'M**
Total borrowings	24	**76,865**	80,346
Less: cash at bank and in hand	21	**(100,509)**	(52,263)
Net debt		**(23,644)**	28,083
Total equity		**405,110**	317,272
Total capital		**381,466**	345,356
Gearing ratio		**(7)%**	9%
Company			
Total borrowings	24	**76,865**	80,346
Less: cash at bank and in hand	21	**(96,667)**	(51,156)
Net debt		**(19,802)**	29,190
Total equity		**392,185**	305,145
Total capital		**372,383**	334,335
Gearing ratio		**(5)%**	9%

5. 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 and product perspectives. Market wise, management considers the main lines through which the Group derives its revenue. Costs relating to the general group management are shared between the Company and its subsidiaries based on agreed management fees. The Group is currently organised into two main operating divisions; – Clear Beer and Wines and Spirits. The segment information provided by management for the reportable segments for the year ended 31 March 2012 and 31 March 2011 is as follows:

SEGMENTAL PROFIT AND LOSS ACCOUNT

	Clear Beer	Wines & Spirits	(Eliminations)/ consolidation	Total Group
2012	**Tshs'M**	**Tshs'M**	**Tshs'M**	**Tshs'M**
Revenue				
Exports	4,219	737	-	4,956
Local	671,046	124,946	-	795,992
Total revenue from external customers	**675,265**	**125,683**	**-**	**800,948**
Operating profit	219,127	33,685	(13,524)	239,288
Interest income on bank balances	9,534	-	-	9,534
Interest expense on borrowings	(8,337)	(2,257)	-	(10,594)
Profit before tax	220,324	31,428	(13,524)	238,228
Income tax	(62,089)	(9,724)	-	(71,813)
Profit for the year	**158,235**	**21,704**	**(13,524)**	**166,415**
Depreciation amortisation and breakages	31,212	733	-	31,945
Segment assets, liabilities and capital expenditure				
Assets				
Investments	45,108	-	(45,020)	88
Other non-current assets	351,094	13,466	40,674	405,234
Current assets	280,067	13,254	(9,823)	283,498
	676,269	**26,720**	**(14,16)**	**688,820**
Liabilities and equity				
Current liabilities	192,781	9,404	(10,655)	191,530
Non current liabilities	91,303	877	-	92,180
Owner's equity	392,185	16,439	(9,584)	399,040
Non controlling interest	-	-	6,070	6,070
	676,269	**26,720**	**(14,169)**	**688,820**
Capital expenditure				
Property, plant and equipment	**91,401**	**8,545**	**-**	**99,946**
Intangible assets	**597**	**-**	**-**	**597**
	91,998	**8,545**	**-**	**100,543**

5. SEGMENTS INFORMATION (CONTINUED)

SEGMENT CASH FLOWS

	Clear Beer	Wines & Spirits	Eliminations	Total Group
2012	**Tshs'M**	**Tshs'M**	**Tshs'M**	**Tshs'M**
From operating activities	105,090	19,364	13,709	138,163
From investing activities	(52,039)	(8,343)	(13,709)	(74,091)
From financing activities	(23,284)	(7,385)	-	(30,669)
Net increase in cash and cash equivalents	29,767	3,636	-	33,403
Cash at the beginning of the year	49,868	1,107	-	50,975
Exchange gain/(loss) on cash and cash equivalents	9,424	(901)	-	8,523
Cash and cash equivalents at the end of the year	**89,059**	**3,842**	**-**	**92,901**

SEGMENTAL PROFIT AND LOSS ACCOUNT

	Clear Beer	Wines & Spirits	(Eliminations)/ consolidation	Total Group
2011	**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
Interest income on bank balances	1,452	-	-	1,452
Interest expense on borrowings	(10,807)	(972)	-	(11,779)
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

5. SEGMENT INFORMATION (CONTINUED)

2011
Segment assets, liabilities and capital expenditure

	Clear Beer	Wines & Spirits	(Eliminations)/ consolidation	Total Group
Assets	Tshs'M	Tshs'M	Tshs'M	Tshs'M
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
Non controlling 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

	Clear Beer	Wines & Spirits	Eliminations	Total Group
2011	Tshs'M	Tshs'M	Tshs'M	Tshs'M
From operating activities	152,647	6,845	10,059	169,551
From investing activities	(39,097)	(2,179)	(10,059)	(51,335)
From financing activities	(8,166)	(5,647)	-	(13,813)
Net increase in cash and cash equivalents	105,384	(981)	-	104,403
Cash at the beginning of the year	(49,732)	1,036	-	(48,696)
Exchange gain/(loss) on cash and cash equivalents	(5,784)	1,052	-	(4,732)
Cash and cash equivalents at the end of the year	**49,868**	**1,107**	**-**	**50,975**

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

Notes to Financial Statements

For the year ended 31 March 2012

6. REVENUE

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Sale of goods – Local	**795,992**	628,812	**671,046**	537,035
Sale of goods – Export	**4,956**	7,051	**4,219**	6,887
	800,948	635,863	**675,265**	543,922

7. EXPENSES BY NATURE

	Group 2012	Group 2011	Company 2012	Company 2011
Excise duty	**157,184**	119,654	**124,152**	97,973
Raw materials used	**182,249**	138,894	**144,487**	114,476
Exchange loss	**2,204**	5,022	**1,952**	5,017
Transport and vehicle running costs	**37,844**	44,658	**34,116**	42,537
Depreciation and amortisation	**27,210**	24,442	**26,475**	23,973
Royalties	**13,313**	8,784	**13,239**	8,784
Impairment loss – receivables (note 20)	**311**	178	**139**	154
Employee benefits expenses (Note 8)	**51,837**	40,887	**47,280**	37,882
Advertising and promotion costs	**37,754**	30,767	**33,560**	27,816
Office running expenses	**8,856**	10,086	**8,140**	9,699
Operating lease rentals	**6,137**	4,915	**4,896**	4,038
Operating costs	**8,909**	7,788	**7,827**	6,792
Maintenance	**14,103**	10,193	**13,133**	9,513
Managerial, technical and administrative fees	**20,229**	16,465	**19,025**	15,254
Auditors remuneration- audit services	**226**	181	**166**	149
Auditors remuneration- non audit services	**330**	172	**337**	157
	568,696	463,086	**478,924**	404,214
Classified as follows:				
Cost of sales	**407,575**	318,845	**333,435**	270,954
Selling and distribution costs	**109,856**	96,063	**100,984**	89,818
Administrative expenses	**51,265**	48,178	**44,505**	43,442
	568,696	463,086	**478,924**	404,214

8. EMPLOYEE BENEFITS EXPENSE

	Group 2012	Group 2011	Company 2012	Company 2011
The following items are included within employee benefits expenses				
- Wages, salaries and other benefits	**49,224**	37,277	**44,990**	34,467
- Pension costs (defined contribution plans)	**2,613**	3,610	**2,290**	3,415
	51,837	40,887	47,280	37,882

Notes to Financial Statements

For the year ended 31 March 2012

9. OTHER INCOME

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Loss on disposal of property, plant and equipment	**(489)**	(150)	**(473)**	(175)
Dividend income	**-**	-	**13,709**	10,059
Management fees	**-**	-	**2,324**	2,160
Foreign exchange gain	**4,303**	102	**4,426**	76
Sundry income	**5,400**	4,922	**4,978**	4,648
	9,213	4,874	**24,964**	16,768

10. DERIVATIVE (LOSSES)/ INCOME

Fair value (loss)/gain on derivatives	**(2,177)**	5,859	**(2,177)**	5,859

The notional liability at year-end amounted to Tshs 94,732 m (2011: Tshs 34,062m)

11. FINANCE INCOME AND COSTS

Interest income on bank balances	**9,534**	1,452	**9,534**	1,452
Interest expense on borrowings	**(10,594)**	(11,779)	**(8,337)**	(10,807)

12. INCOME TAX EXPENSE

Current income tax				
- Current tax on profit for the year	**66,920**	51,112	**57,389**	42,234
- Adjustments in respect of prior years	**2**	646	**2**	1,109
Deferred income tax (Note 25)				
- Current tax on profit for the year	**4,999**	1,748	**4,805**	1,589
- Adjustments in respect of prior years	**(108)**	(2,018)	**(107)**	(2,038)
Income tax expense	**71,813**	51,488	**62,089**	42,894

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

Profit before income tax	**238,228**	173,183	**220,324**	152,980
Tax calculated at a rate of 30% (2011: 30%)	**71,469**	51,955	**66,097**	45,894
Income not subject to tax	**(209)**	(48)	**(4,223)**	(3,016)
Expenses not deductible for tax purposes	**659**	953	**320**	945
Adjustment to tax in respect to prior periods	**(106)**	(1,372)	**(105)**	(929)
Income tax expense	**71,813**	51,488	**62,089**	42,894

Did you know?

Safari Lager, through the "Wezeshwa na Safari Lager" campaign, provided Tsh 200m worth of grants, training and mentorship to 54 entrepreneurs. Over 10,000 people were positively impacted throughout the campaign.

Did you know?

Kilimanjaro Premium Lager's Jivunie UTanzania was the largest privately sponsored Uhuru campaign in the country with millions of Tanzanians touched over the 6-month period.

13. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2012	2011
Group		
Net profit attributable to shareholders (Tshs'000)	**158,722,281**	114,166,753
Outstanding shares in issue (000's) Note 22	**294,928**	294,928
Less: Weighted average number of treasury shares (000's)	**(2,458)**	-
Weighted average number of share in issue excluding treasury shares (000's)	**292,470**	294,928
Basic earnings per share (TShs per share)	**542.7**	387.1

(b) Diluted earnings per share

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

	2012	2011
Group		
Net profit attributable to shareholders (TShs'000)	**158,722,281**	114,166,753
Weighted average number of shares for diluted earnings per share (000's)	**294,928**	294,928
Diluted earnings per share (TShs per share)	**538.2**	387.1

14. DIVIDENDS

	Amount		Dividend per share	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs/ share**	2011 Tshs/ Share
Interim dividend	**58,986**	-	**200**	-

The interim dividend of Tshs 200 per share amounting to Tshs 58,986 million was approved by the board of directors during the year and was paid on 23 April 2012. These financial statements reflect this dividend payable because as at the year end the directors did not retain power to cancel the payment of the dividend.

15. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Buildings	Plant and machinery	Furniture, equipment and vehicles	Capital work in progress	Containers	Total
	Tshs'M	Tshs'M	Tshs'M	Tshs'M	Tshs'M	Tshs'M
At 31 March 2011						
Cost	62,909	269,237	48,063	18,290	61,506	460,005
Accumulated depreciation	(14,592)	(86,787)	(24,991)	-	(21,267)	(147,637)
Net book value	**48,317**	**182,450**	**23,072**	**18,290**	**40,239**	**312,368**
Year ended 31 March 2012						
Opening net book value	48,317	182,450	23,072	18,290	40,239	312,368
Additions	-	-	-	99,946	-	99,946
Disposals	(152)	(513)	(11)	-	(17,011)	(17,687)
Transfers	4,988	37,466	12,456	(71,784)	16,874	-
Breakages and other losses	-	-	-	-	(4,737)	(4,737)
Depreciation charge for the year	(3,030)	(14,964)	(5,786)	-	(2,812)	(26,592)
Closing net book value	**50,123**	**204,439**	**29,731**	**46,452**	**32,553**	**363,298**
At 31 March 2012						
Cost	67,742	304,334	60,508	46,452	57,663	536,699
Accumulated depreciation	(17,619)	(99,895)	(30,777)	-	(25,110)	(173,401)
Net book value	**50,123**	**204,439**	**29,731**	**46,452**	**32,553**	**363,298**

The Company's buildings, plant and machinery with net book value of Tshs 244,486 millions have been secured against borrowings as set out in Note 24 to the financial statements.

The capital work in progress amounts mainly relates to the ongoing capital projects of expansion of production facilities of the company and one of its subsidiaries which are being undertaken in Mwanza and Mbeya plants.

	Buildings	Plant and machinery	Furniture, equipment & vehicles	Capital work in progress	Containers	Total
	Tshs'M	Tshs'M	Tshs'M	Tshs'M	Tshs'M	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	-	-	-	52,414	-	52,414
Disposals	-	(295)	(17)	-	-	(312)
Transfers	963	24,033	5,550	(48,440)	17,894	-
Transfer to prepaid lease	-	-	-	(1,025)	-	(1,025)
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	460,005
Accumulated depreciation	(14,592)	(86,787)	(24,991)	-	(21,267)	(147,637)
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 226,505 millions have been secured against borrowings as set out in Note 24 to the financial statements.

The capital work in progress amounts mainly relates to the ongoing capital projects of expansion of production facilities of the company which are being undertaken in Dar es Salaam, Arusha and Mwanza plants.

15. PROPERTY, PLANT AND EQUIPMENT – COMPANY

	Buildings	Plant and machinery	Furniture, equipment and vehicles	Capital work in progress	Containers	Total
	Tshs'M	Tshs'M	Tshs'M	Tshs'M	Tshs'M	Tshs'M
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**
Year ended 31 March 2012						
Opening net book value	47232	179,273	22,380	17,452	40,104	306,441
Additions	-	-	-	91,401	-	91,401
Disposals	-	(492)	(11)	-	(16,966)	(17,469)
Transfers	3,367	32,673	10,481	(63,377)	16,856	-
Breakages and other losses	-	-	-	-	(4,738)	(4,738)
Depreciation charge for the year	(2,910)	(14,655)	(5,477)	-	(2,812)	(25,854)
Closing net book value	**47,689**	**196,799**	**27,373**	**45,476**	**32,444**	**349,781**
At 31 March 2012						
Cost	64,439	299,266	56,121	45,476	55,938	521,240
Accumulated depreciation	(16,750)	(102,467)	(28,748)	-	(23,494)	(171,459)
Net book value	**47,689**	**196,799**	**27,373**	**45,476**	**32,444**	**349,781**

The Company's buildings, plant and machinery with a net book value of Tshs 244,486 millions have been secured against borrowings as set out in Note 24 to the financial statements.

The capital work in progress amounts mainly relates to the ongoing capital projects of expansion of production facilities of the company which are being undertaken in Mbeya and Mwanza plants.

	Buildings	Plant and machinery	Furniture, equipment and vehicles	Capital work in progress	Containers	Total
	Tshs'M	Tshs'M	Tshs'M	Tshs'M	Tshs'M	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	17452	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 with net book value of Tshs 226,505 millions as set out in Note 24 to the financial statements.

The capital work in progress amounts mainly relates to the ongoing capital projects of expansion of production facilities of the company which are being undertaken in Dar es Salaam, Arusha and Mwanza plants.

16. INTANGIBLE ASSETS

	Group			Company
	Goodwill Tshs'M	Software Tshs'M	Total Tshs'M	Software Tshs'M
As at 31 March 2010				
Cost	**39,630**	2,250	44,589	2,250
Accumulated amortisation		(967)	(3,676)	(520)
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				
Cost	**39,630**	2,785	45,124	2,785
Accumulated amortisation		(1,451)	(4,160)	(1,451)
Net book value	**39,630**	**1,334**	**40,964**	**1,334**
Year ended 31 March 2012				
Opening net book value	39,630	1,334	40,964	1,334
Additions	-	597	597	597
Amortisation charge	-	(618)	(618)	(618)
Closing net book value	**39,630**	**1,313**	**40,943**	**1,313**
At 31 March 2012				
Cost	**39,630**	3,383	45,722	3,383
Accumulated amortisation	-	(2,070)	(4,779)	(2,070)
Net book value	**39,630**	**1,313**	**40,943**	**1,313**

The carrying amounts of the intangible assets approximate to their recoverable amounts. The goodwill amounting to Tshs 39,630 million arose from the acquisition of Kibo Breweries Limited in 2002. The directors review the goodwill for impairment annually based on the fair value less cost to sell using market capitalisation of the company and the proportion of the clear beer segment in which the goodwill relates. No impairment charge arose during the year (2011: nil).

17. INVESTMENTS

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Investment in subsidiaries				
• Kibo Breweries Ltd	**-**	-	**42,414**	42,414
• Tanzania Distillers Ltd	**-**	-	**2,606**	2,606
	-	-	**45,020**	45,020
Other investments				
• Kibo Breweries Ltd	**88**	88	**88**	88
	88	88	**45,108**	45,108

Other investments refer to 5% shareholding in Mountainside Farms Limited. The investment is stated at lower of cost and fair value.

17. INVESTMENTS (CONTINUED)

The investments relate to:

Name of undertaking	Nature of business	Description of shares held	% of issued shares held	
			2012	2011
Tanzania Distillers Ltd	Manufacturer of spirituous liquor	Ordinary	**65%**	65%
Mountainside Farms Ltd	Crop farming	Ordinary	**5%**	5%
Kibo Breweries Ltd	Rental of assets to related parties	Ordinary	**100%**	100%

Other investments of the Company and Group include loan receivable from Trust for Tanzania Breweries Employees' Share Ownership Scheme ("the Trust"). Tshs 12,209 million was advanced to the Trust to acquire shares of the Company previously owned by East African Breweries. The Trust has been consolidated in the financial statements on the basis of significant control and shares acquired have been accounted for as treasury shares. Details of transaction are set out under note 23

18. PREPAID LEASE

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
At the start of the year	**1,004**	-	**-**	-
Transferred from capital work in progress	**-**	1,025	**-**	-
Less: current portion	**(11)**	(21)	**-**	-
Noncurrent portion at the end of the year	**993**	1,004	**-**	-

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

19. INVENTORIES

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Raw materials	**58,965**	41,901	**51,054**	37,289
Consumable stores and spares	**8,376**	35,683	**8,104**	35,345
Work in progress	**21,853**	9,985	**14,406**	9,663
Finished goods	**48,417**	17,349	**45,818**	9,719
	137,611	104,918	**119,382**	92,016
Less: Provision for impairment losses	**(9,752)**	(7,616)	**(9,312)**	(7,597)
	127,859	97,302	**110,070**	84,419

The cost of inventories recognised as an expense and included in 'cost of sales' in the Group profit and loss account amounted to Tshs 182,397 million (2011: Tshs 138,894 million). Similarly, this amounts to Tshs 144,487 million (2011: Tshs 114,476 million) in the Company's profit and loss account.

Inventories of engineering spares amounting to Tshs 35,669 million (2011: Tshs 26,227 million) are carried at net realisable value, this being lower than cost. During 2012, Tshs 1,715 million (2011: Tshs 2,796 million) was charged to the Company's profit and loss account for damaged, obsolete and lost inventories. Similarly Tshs 2,136 million (2011: Tshs 2,815 million) were charged to the Group profit and loss account for damages, obsolete and lost inventories.

20. ACCOUNTS RECEIVABLE

	Group		Company	
	2012	2011	**2012**	2011
	Tshs'M	Tshs'M	**Tshs'M**	Tshs'M
Trade receivables	**29,675**	8,022	**26,523**	6,196
Less: Provision for impairment losses	**(1,310)**	(1,023)	**(1,045)**	(930)
Trade receivables-net	**28,365**	6,999	**25,479**	5,266
Advances to suppliers	**9,377**	3,465	**9,377**	785
Staff advances and loans	**1,425**	1,132	**1,145**	952
Due from related parties (Note 32 (iv))	**2,394**	-	**19,541**	5,072
Other receivables	**5,184**	6,928	**13,534**	3,933
Prepayments	**8,385**	2,100	**4,254**	1,229
	55,130	20,624	**73,330**	17,237

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

At start of year	**(1,023)**	(1,421)	**(930)**	(1,352)
Provision in the year	**(311)**	(178)	**(139)**	(154)
Utilised during the year	**24**	576	**24**	576
At end of year	**(1,310)**	(1,023)	**(1,045)**	(930)

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

21. BANK AND CASH BALANCES

	Group		Company	
	2012	2011	**2012**	2011
	Tshs'M	Tshs'M	**Tshs'M**	Tshs'M
Cash in hand	**165**	138	**83**	78
Cash at bank	**100,344**	52,125	**96,584**	51,078
Total cash and bank balances	**100,509**	52,263	**96,667**	51,156

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:

	Group		Company	
	2012	2011	**2012**	2011
	Tshs'M	Tshs'M	**Tshs'M**	Tshs'M
Cash and bank balances	**100,509**	52,263	**96,667**	51,156
Bank overdrafts (Note 24)	**(7,608)**	(1,288)	**(7,608)**	(1,288)
Net cash and cash equivalents	**92,901**	50,975	**89,059**	49,868

Notes to Financial Statements

For the year ended 31 March 2012

22. SHARE CAPITAL

22.1 ORDINARY SHARE CAPITAL

Ordinary share capital	Group		Company	
	2012	2011	**2012**	2011
	Tshs'M	Tshs'M	**Tshs'M**	Tshs'M
Authorised, issued and fully paid: 294,928,463 ordinary shares of Tsh 100 each	**29,493**	29,493	**29,493**	29,493
Share premium Share premium at the start and end of year	**45,346**	45,346	**45,346**	45,346

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

22.2 OWNERSHIP STRUCTURE

	Ordinary Shares	Ordinary Shares	% holding	% holding
	2012	2011	**2012**	2011
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	**2.00**	4.49
Public Service Pension Fund	**9,020,547**	8,180,547	**3.06**	2.77
Parastatal Pension Fund	**12,874,030**	7,902,720	**4.37**	2.68
National Social Security Fund	**9,977,436**	9,977,436	**3.38**	3.38
General Public	**44,605,529**	17,809,569	**17.61**	6.04
Total resident	**101,514,377**	68,907,107	**34.42**	23.36
Non-resident shareholders				
SABMiller Africa BV	**169,701,838**	155,799,698	**57.54**	52.83
East African Breweries Limited	**-**	58,985,693	**-**	20.00
Others – East African shareholders	**12,475,474**	-	**4.23**	-
International Finance Corporation (IFC)	**11,236,774**	11,235,965	**3.81**	3.81
Total non-resident	**193,414,086**	226,021,356	**65.58**	76.64
Total ordinary shares in issue	**294,928,463**	294,928,463	**100.00**	100.00

23. OTHER RESERVES

	Group	Company
	Treasury shares	**Treasury shares**
	Tshs' M	**Tshs' M**
At 31 March 2011		
At start and end of the year	-	-
At 31 March 2012		
At start of the year	-	-
Treasury shares purchased during the year	(12,209)	(12,209)
At end of the year	**(12,209)**	**(12,209)**

During the year the Company advanced a loan of Tshs 12,209 million to the Trust for Tanzania Breweries Employees' Share Ownership Scheme ("the Trust"). The aim of the loan is to enable the Trust to acquire shares of the Company previously owned by East African Breweries in November 2011. The Trust purchased 5,898,596 shares, representing 2% of the ordinary fully paid up shares of the Company. The Company expects the purchased shares to be offered as share options to the employees in the future. The Trust has been consolidated in the financial statements on the basis of significant control and shares acquired have been accounted for as treasury shares.

24. BORROWINGS

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Non current				
National Microfinance Bank loan	**5,625**	9,375	**5,625**	9,375
Corporate bonds	**52,100**	52,100	**52,100**	52,100
	57,725	61,475	**57,725**	61,475
Current				
Bank overdrafts (Note 21)	**7,608**	1,288	**7,608**	1,288
Short term bank loans	**10,343**	16,837	**10,343**	16,837
Interest payable on borrowings	**1,189**	746	**1,189**	746
	19,140	18,871	**19,140**	18,871
Total Borrowings	**76,865**	80,346	**76,865**	80,346

I) NATIONAL MICROFINANCE BANK LOAN

This is a four year loan with a limit of Tshs 15,000 million. It is repayable semi-annually and carries a floating rate which is based on the Government of Tanzania 364 day Treasury Bills rate. The effective interest rate during the year was 8.14%. 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. The current portion of this loan amounting to Tshs 3,750 million is included in the short term bank loans.

II) CORPORATE BONDS

These are three-year corporate bonds issued privately to institutional investors in September 2010. The bonds amounting Tshs 48,550 million (2011: 48,550 million) carry fixed rates of interest whose effective interest rate during the year was 10.93%. Bonds valued at Tshs 3,550 million (2011: 3,550 million) carry a 16.38% variable rate of interest. They were issued primarily for the purpose of financing the construction of the Mbeya Brewery and are unsecured.

BANK OVERDRAFTS

Overdrafts are made up as follows:

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Citibank Tanzania Limited	**3,139**	-	**3,139**	-
CRDB Bank Plc	**4,469**	1,288	**4,469**	1,288
	7,608	1,288	**7,608**	1,288

24. BORROWINGS (CONTINUED)

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

The facilities are annual facilities subject to review between August 2012 and February 2013.

The weighted average effective interest rate of the overdrafts was 11% (2011: 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 167 billion (2011: Tshs 195 billion).

SHORT TERM LOANS

Short term loans are made up as follows:

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
National Microfinance Bank Plc	**3,260**	6,520	**7,010**	10,270
Current portion of NMB long-term loan	**3,750**	3,750	**3,750**	3,750
National Bank of Commerce Limited	**3,333**	6,567	**3,333**	6,567
	10,343	16,837	**10,343**	16,837

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

NATIONAL BANK OF COMMERCE LIMITED LOAN

The loan has a limit of Tshs 10 billion (2011: 21 billion). The loan carries interest at a rate of the Government of Tanzania 182 Day Treasury Bill plus 150 basis points. The effective interest rate during the year was 11.72%. The loan has the purpose of financing capital expenditure and is secured by bank guarantee from Citibank 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 effective interest rate during the year was 10.54%. The loan is secured by a first class bank guarantee from Citibank N.A. Bahrain in the form of Standby Letter of Credit (SBLC) covering the total facility exposure.

25. DEFERRED INCOME TAX LIABILITIES

Deferred income taxes are calculated on temporary differences under the liability method using a principal tax rate of 30% (2011:30%). The movement on the deferred income tax account is as follows:

GROUP

Deferred tax liabilities/(assets)	Accelerated depreciation	Capital deductions in dispute	Other temporary differences	Total
	Tshs' M	Tshs' M	Tshs' M	Tshs'M
At 31 March 2010	26,849	1,458	1,033	29,340
Charged to Profit and loss Account				
- Current year	4,763	(184)	(2,956)	1,623
- Prior periods	1,014	-	(2,906)	(1,892)
At 31 March 2011	**32,626**	**1,274**	**(4,829)**	**29,071**
Charged to Profit and loss Account				
- Current year	5,179	(160)	(20)	4,999
- Prior periods	(34)	-	(74)	(108)
At 31 March 2012	**37,771**	**1,114**	**(4,923)**	**33,962**

COMPANY

Deferred tax liabilities/(assets)	Accelerated depreciation	Capital deductions in dispute	Other temporary differences	Total
At 31 March 2010	26,345	1,458	1,033	28,836
Charged to Profit and loss Account				
- Current year	4,729	(184)	(2,956)	1,589
- Prior periods	868	-	(2,906)	(2,038)
At 31 March 2011	**31,942**	**1,274**	**(4,829)**	**28,387**
Charged to Profit and loss Account				
- Current year	4,978	(160)	(13)	4,805
- Prior periods	(54)	-	(53)	(107)
At 31 March 2012	**36,866**	**1,114**	**(4,895)**	**33,085**

26. PROVISIONS

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
At start of the year	**274**	301	**274**	301
Increase/(decrease) during the year	**219**	-	**219**	-
Provision utilized during the year	**-**	(27)	**-**	(27)
At end of the year	**493**	274	**493**	274

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 493 million (2011: Tshs 274 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 30.

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Trade payables	**21,243**	13,175	**16,933**	11,457
Dividends payable	**60,524**	2,369	**60,524**	2,369
VAT payable	**5,281**	4,519	**4,149**	3,312
Excise duty payable	**13,414**	10,594	**9,833**	8,480
Payable to related parties (Note 32 (iv))	**24,079**	21,132	**25,990**	22,850
Other payables	**19,170**	19,209	**28,809**	14,509
Accrued expenses	**19,475**	16,982	**18,045**	18,780
Capex accruals	**3,903**	3,247	**3,903**	3,247
	167,089	91,227	**168,186**	85,004

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

28. FINANCIAL INSTRUMENTS BY CATEGORY

(a) Group

At 31 March

	2012	2011
	Loans and receivables Tshs'M	**Loans and receivables Tshs'M**
Financial assets as per the balance sheet statement		
Trade and other receivables (excluding prepayments)	**37,368**	15,059
Cash at hand and bank deposits	**100,509**	52,125
	137,877	67,184

At 31 March

	Other financial liabilities at amortised cost	Other financial liabilities at amortised cost
	Tshs'M	Tshs'M
Financial liabilities as per the balance sheet statement		
Borrowings	**76,865**	80,346
Trade and other payables (excluding statutory liabilities)	**148,394**	76,114
	225,259	156,460

Did you know?

Through the “No Water, No Life” campaign,

Tanzania Breweries Limited has aided over 100,000 Tanzanians

access clean and safe water in their communities.

28. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

(b) Company

At 31 March	2012	2011
	Loans and receivables Tshs'M	Loans and receivables Tshs'M
Financial assets as per the balance sheet statement		
Trade and other receivables (excluding prepayments)	**59,699**	15,223
Cash at hand and bank deposits	**96,667**	51,078
	156,366	66,301

At 31 March

	Other financial liabilities at amortised cost	Other financial liabilities at amortised cost
	Tshs'M	Tshs'M
Financial liabilities as per the balance sheet statement		
Borrowings	**76,865**	80,346
Trade and other payables (excluding statutory liabilities)	**154,205**	73,212
	231,070	153,558

29. COMMITMENTS

Capital commitments

The Group had capital commitments that were approved and contracted but not recorded in its books as at 31 March 2012 amounting to Shs 237 million (2011: TShs 9,178 million). A subsidiary company, Tanzania Distilleries Limited had capital expenditure contracted for at the balance sheet date but not recognized in the financial statements amounting to Shs 237 million (2011: Shs 178 million).
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	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Not later than 1 year	**1,369**	1,474	**1,369**	1,474
Later than 1 year and not later than 5 years	**944**	660	**944**	660
	2,313	2,134	**2,313**	2,134

30. CONTINGENT LIABILITIES

As at 31 March 2012, the Company was a defendant in several lawsuits. While liability in these lawsuits is not admitted, if defense against the actions is unsuccessful, then claims in these lawsuits could amount to Tshs 339 million (2011: Tshs 369 million). Similarly for the company's subsidiary, Tanzania Distilleries Limited (TDL) the amount claimed in such lawsuits could amount to Tshs 380 million (2011: 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 performance.

31. CASH FLOW INFORMATION

(i) Cash generated from operations

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Profit before income tax	**238,228**	173,183	**220,324**	152,980
Adjusted for:				
Interest expense	**10,594**	11,779	**8,337**	10,807
Interest income	**(9,534)**	(1,452)	**(9,534)**	(1,452)
Dividend income	**-**	-	**(13,709)**	(10,059)
Depreciation, amortisation and breakages	**31,946**	29,515	**31,211**	29,043
Movement in provision for liabilities	**219**	(27)	**219**	(27)
Foreign exchange gain	**(4,303)**	(102)	**(4,426)**	(76)
Fair value loss on derivatives	**(2,177)**	5,859	**(2,177)**	5,859
Loss on disposal of property, plant and equipment	**489**	150	**473**	175
	265,462	218,905	**230,718**	187,250
Changes in working capital				
Increase in inventories	**(30,557)**	(13,793)	**(25,651)**	(10,634)
Increase/(Decrease) in trade and other receivables	**(33,586)**	3,958	**(56,093)**	8,233
Increase in trade and other payables	**15,621**	12,372	**27,764**	9,744
Cash generated from operations	**216,940**	221,442	**176,738**	194,593

(ii) Income tax paid

	Group		Company	
Income tax (payable)/recoverable at 1 April	**(6,424)**	5,222	**(6,539)**	5,665
Current income tax expense	**(66,922)**	(51,758)	**(62,089)**	(43,343)
Income tax payable as at 31 March	**5,301**	6,424	**5,455**	6,539
	(68,045)	(40,112)	**(63,173)**	(31,139)

(iii) Dividends paid

	Group		Company	
By the Company				
Dividends payable at 01 April	**(2,369)**	(2,225)	**(2,369)**	(2,225)
Interim dividend payable	**(58,986)**	-	**(58,986)**	-
Dividends payable at 31 March	**60,524**	2,369	**60,524**	2,369
	(831)	144	**(831)**	144
By subsidiaries				
Minority's share of dividends paid	**(7,385)**	(5,647)	**-**	-
	(8,216)	(5,503)	**(831)**	144

32. RELATED PARTY TRANSACTIONS AND BALANCES

(i) Sale of goods and services

	Group		Company	
Sale of goods	**2012 Tshs'M**	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Other related parties	**3,440**	6,034	**3,440**	6,034

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

	Group		Company	
Sale of services	**2012 Tshs'M**	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Subsidiary	**-**	-	**2,324**	2,160

The company provides management services to its subsidiary, Tanzania Distilleries Limited.

ii) Purchase of goods and services

	Group		Company	
Purchase of goods	**2012 Tshs'M**	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Subsidiary	**-**	-	**999**	574
Other related parties	**88,087**	63,364	**88,087**	63,364
	88,087	63,364	**89,086**	63,938

SABEX, a division of SABMiller Africa & Asia (Pty) Limited, and MUBEX, a subsidiary of SABMiller Plc, are utilized for the procurement of some of the capital equipment and materials that are not procured locally.

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

	Group		Company	
Purchase of services	**2012 Tshs'M**	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Subsidiary	**-**	-	**272**	284
Other related parties	**32,248**	24,048	**32,250**	24,048
	32,248	24,048	**32,532**	24,332

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

Other related parties include Bevman Services A.G, a subsidiary of SABMiller Plc, the Group's management company and SABMiller Finance B.V. The Company produces and distributes SABMiller Finance B.V brands under license and pays royalty fees at a percentage of sales of the brands.

32. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

iii) Interest on Intercompany accounts:

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Interest on intercompany accounts				
Parent	**-**	(833)	**-**	(833)
Subsidiary	**-**	-	**2,257**	972

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.

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

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Receivable from related parties				
Subsidiary	**-**	-	**17,147**	5,072
Other related parties	**2,394**		**2,394**	
	2,394	-	**19,541**	5,072
Payable to related parties				
Subsidiary	**-**	-	**1,910**	1,718
Other related parties	**24,079**	21,132	**24,080**	21,132
	24,079	21,132	**25,990**	22,850

The receivables from related parties arise mainly from sale transactions and are due three months after the date of sale. The receivables are unsecured and bear no interest. No provisions are held against receivables from related parties (2011: nil).

The payables to related parties arise mainly from purchase transactions and are due three months after date of purchase. The payables bear no interest.

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	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Salaries	**4,078**	3,369	**2,901**	2,710
Pension contributions	**397**	327	**290**	265
	4,475	3,696	**3,191**	2,975

No terminal or other long term benefits were paid to key management personnel during the year (2011: Nil).

32. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(v) Key management personnel (continued)

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 2012, there was a total outstanding loan amount with key management personnel of Tshs 296 million (2011: Tshs 56 million). None of the loans made to members of key management has been made to the Directors

d) Directors' emoluments

	Group		Company	
	2012 Tshs'M	2011 Tshs'M	**2012 Tshs'M**	2011 Tshs'M
Non-executive Chairman	**31**	23	**20**	14
Non-executive Directors	**63**	49	**58**	43
Executive Directors (Included in key management personnel above)	**205**	168	**205**	168
	299	240	**283**	225

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

The Directors of the Company own directly and indirectly 85,603 (2011: 54,062) ordinary shares of the Company as 31 March 2012.

During the year, there were no commitments, provision of guarantees and collateral with related parties. (2011: Nil)

33. ULTIMATE PARENT COMPANY

SABMiller Africa BV (incorporated in the Netherlands) owns 57.54% (2011: 52.83%) of the company's issued shares. The ultimate parent company is SABMiller plc, incorporated in the United Kingdom.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors on the date shown on page 28. They are subject to approval by the members in the Annual General Meeting.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 39th Annual General Meeting of the Shareholders of Tanzania Breweries Limited will be held at Hyatt Regency Kilimanjaro Hotel in Dar es Salaam on 30th August, 2012 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 38th Annual General Meeting held on 11th October, 2011.

3. Matters Arising from the minutes of the previous meeting

4. Financial Statements and Directors' Report
To receive and consider the Directors' Report, Auditors' Report and the audited financial statements for the year ended 31st March, 2012.

6. To ratify dividend paid for the year ended 31st March, 2012

7. Appointment of Statutory Auditors
To approve PricewaterhouseCoopers as the auditors for the next financial year ending 31st March, 2013.

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 the order of the Board

Company Secretary

Note:
i. Any other business needs to be brought to the attention of the Secretary by the 16th August, 2012.
ii. Shareholders shall meet all the costs for attending the meeting.

ADMINISTRATION
Tanzania Breweries Limited
(Registration Number 2497)

Company Secretary
Huruma Ntahena
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Transfer Secretaries:
CRDB Bank Ltd.,
Head Office: Azikiwe Street,
P.O. Box 268, Dar es Salaam.
Tel: +255 764 702 000 / +255 764 702 905

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

Shareholders:
Financial Year End: 31 March
Annual General Meeting: August

Results:
Interim announcement - November
Year end announcement - June
Annual financial statement - July

Dividends:
Interim:
declaration – March, 2012
payment – April, 2012

Tanzania Distilleries Limited

Did you know?

Tanzania Distilleries Limited (TDL) have assisted the grape farmers in Dodoma in improving their yield by providing training on modern farming methods, organic seedlings and equipment. The grapes produced by these farmers are purchased by TDL and used to make wines. Furthermore, TDL has invested in the academic future of the farming community by setting up a Konyagi Social Trust that provides scholarships for the children of struggling farmers.

TANZANIA BREWERIES

The home of fine beer