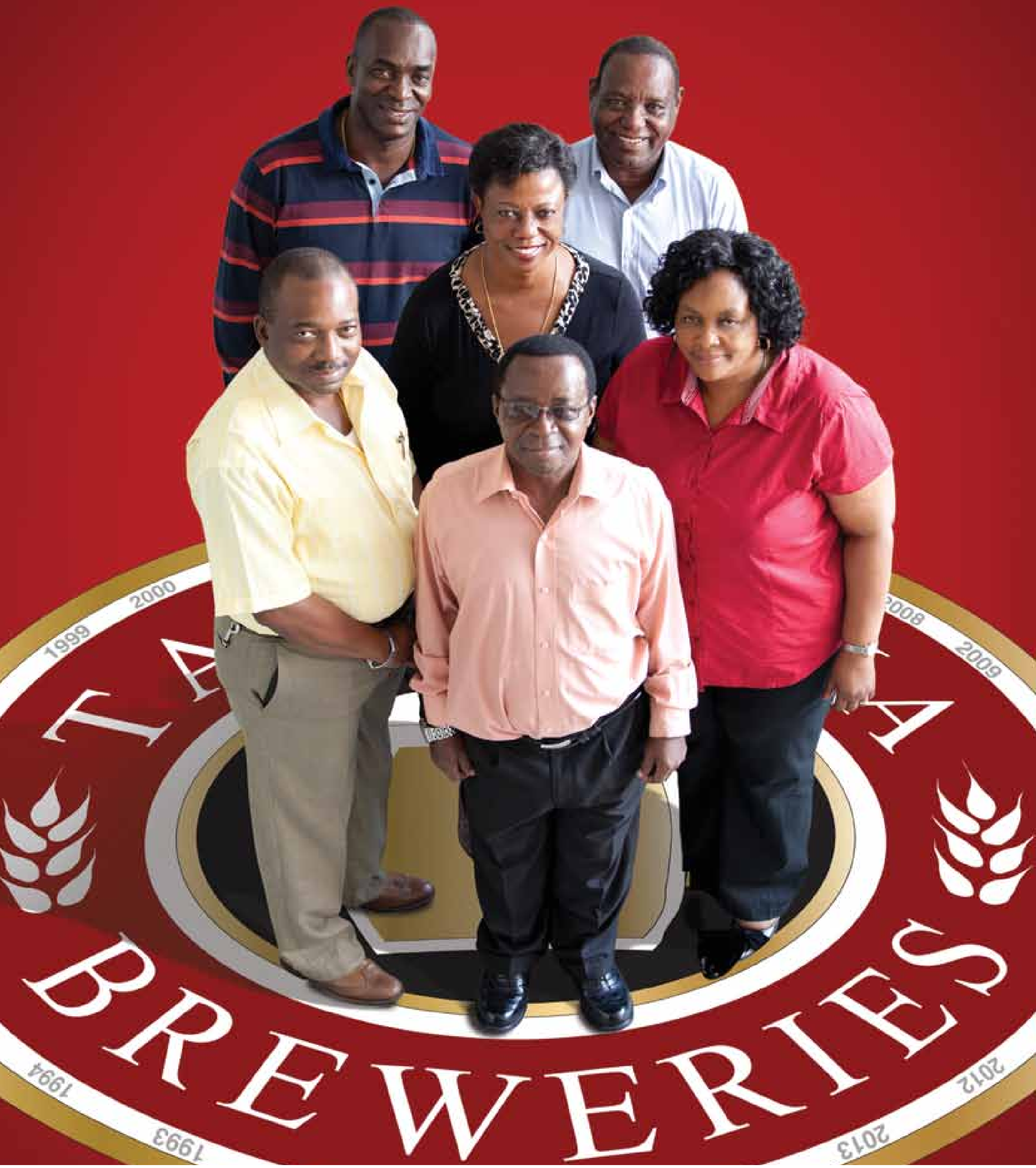
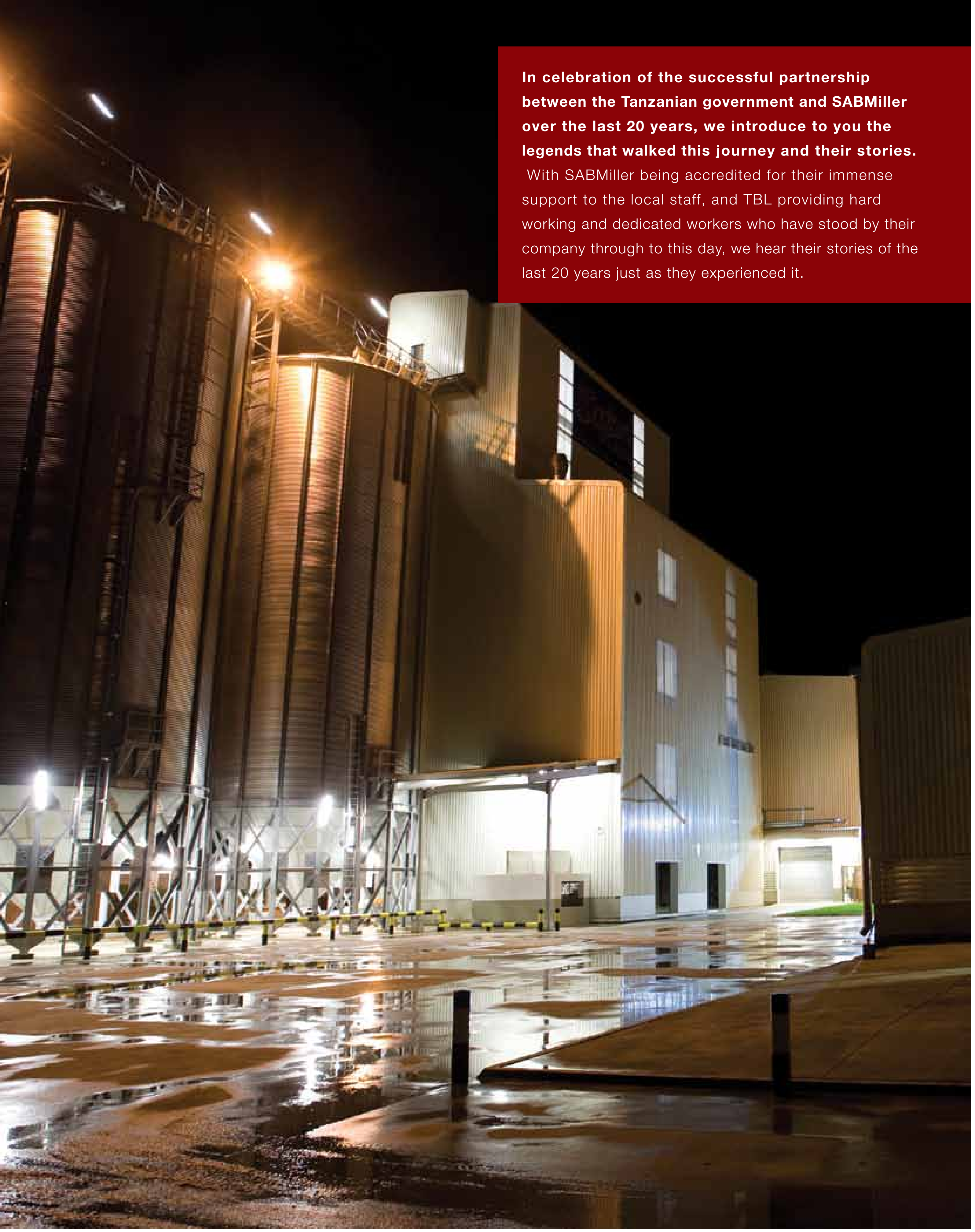
Our History, from the people who *wrote* it.

Annual Report 2013

The home of fine beer



A subsidiary of SABMiller plc



In celebration of the successful partnership between the Tanzanian government and SABMiller over the last 20 years, we introduce to you the legends that walked this journey and their stories. With SABMiller being accredited for their immense support to the local staff, and TBL providing hard working and dedicated workers who have stood by their company through to this day, we hear their stories of the last 20 years just as they experienced it.

1993

Late in the year, SABMiller invest 22.5 million Dollars into TBL, giving them 50% ownership of the Company.

TBL was running at a loss.

Safari Lager remained the sole TBL brand

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"The Company has, therefore, remained Tanzanian, and has continued to benefit Tanzanians."

Arnold Kilewo

I was the Chairman Managing Director of the National Development Corporation (NDC) when I was transferred to Managing Director of TBL in 1992 with the first task of assessing the Company's condition. It was not difficult for me to immediately discover that the Company was in very bad shape.

My next step was to put together a team of economists, which included David Mgwassa and Phocus Lasway, to construct a report that outlined what was needed to turn the Company around. They found that around forty million dollars needed to be invested. After discussions with the government, we agreed that we needed to look for international investors. Many multinational corporations applied, but in the end the South African company, SABMiller, turned out to be the most attractive bidder. SABMiller immediately invested US$22.5 million, which gave them 50% ownership of the Company. Straight away we rehabilitated the breweries in Dar es Salaam and Arusha. By 1995, things had already started looking very positive financially. Afterwards, breweries in Mwanza and Mbeya were developed and TBL was identified as the number one Company in Tanzania. For the first time we could celebrate success.

My greatest pride in this twenty-year-old partnership has been the development of Tanzanian skills. SABMiller came into Tanzania with an attitude of not taking over but working with Tanzanians. The Company has, therefore, remained Tanzanian, and has continued to benefit Tanzanians.

Started: 1992 as Managing Director of TBL
Present: Non-Executive Director

1994

SABMiller starts the partnership by rehabilitating plants in Dar es Salaam and Arusha.

1995

Plants in Dar es Salaam and Arusha become fully operational.

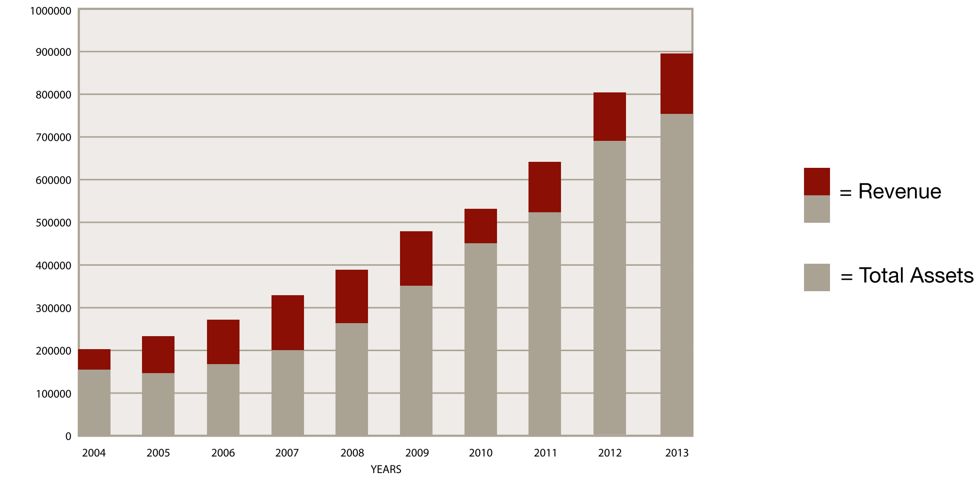
For the first time in twenty years, TBL was able to pay dividend to shareholders.

Mwanza brewery becomes operational.

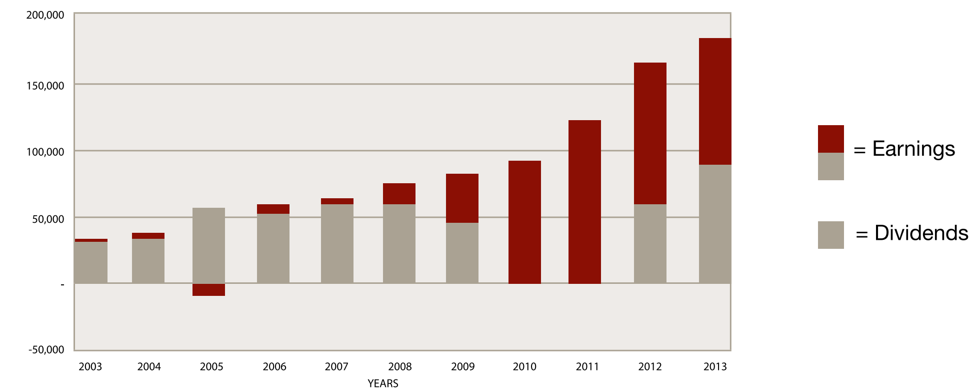
10 Year Review

For the year ended 31 March 2013		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Sales	TShs' M	**892,017**	800,948	635,863	527,768	464,539	383,181	314,878	260,628	229,644	197,982
Profit before income tax	TShs' M	**253,813**	238,228	173,183	133,842	115,187	109,168	95,603	85,584	69,332	57,471
Dividends declared	TShs' M	**88,479**	58,986	-	44,239	44,239	58,986	58,986	52,202	56,036	36,866
Cash flow from operations	TShs' M	**215,744**	144,056	169,551	127,141	74,445	83,467	79,011	60,099	67,489	42,248
Net cash invested to expand operations	TShs' M	**102,727**	99,887	51,389	113,488	74,741	58,723	30,475	15,121	3,771	4,822
Total borrowings	TShs' M	**73,599**	76,865	80,346	143,345	105,702	57,899	36,774	25,270	5,760	19,701
Gearing	%	**15**	19	26	73	69	48	34	24	6	18
Market capitalisation	TShs' Bn	**902**	773	537	513	531	490	466	442	436	395
Basic earnings per share	TSh	**579**	543	387	296	261	242	209	193	157	128
Earnings per share growth	%	**7**	40	31	22	8	16	9	23	22	5

Revenue and Total Assets
TShs' millions



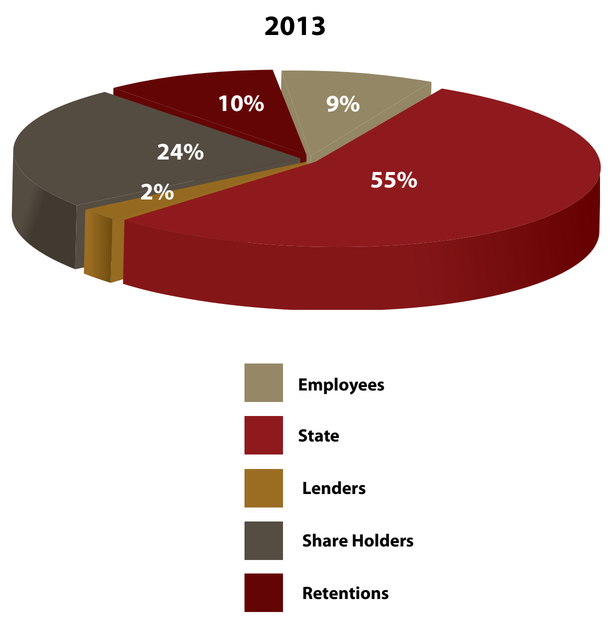
Earnings and Dividends
TShs' millions

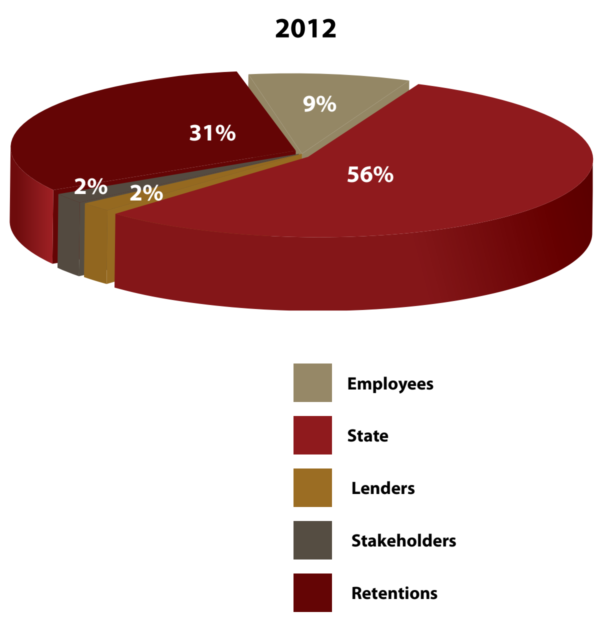


Group Cash Value Added Statement

For the year ended 31 March 2013

	31 March, 2013 TShs' M	%	31 March, 2012 TShs' M	%
Cash generated				
Cash derived from sales	1,032,264		923,467	
Other income	-		-	
Cash value generated	1,032,264		923,467	
Cash paid to suppliers	(402,937)		(367,082)	
Cash value added	629,327	100	556,385	100
Cash utilised to				
Remunerate employees for their services	(59,431)	9	(51,837)	9
Pay direct taxes to Government	(70,020)	11	(68,045)	12
Pay excise duty and Value Added Tax	(274,937)	44	(243,897)	44
Provide lenders with a return on borrowings	(11,938)	2	(10,732)	2
Provide shareholders with cash dividends	(153,079)	24	(8,212)	2
Cash disbursed among stakeholders	(569,405)	90	(382,722)	69
Cash retained to fund replacement of assets and facilitate further growth	59,922	10	173,663	31





Chairman's Statement

Tanzania Breweries Limited Group of companies ("TBL Group") is pleased to report its results for the financial year ended 31st March 2013. This was a year in which we were confronted by many challenges, but emerged more resilient. We witnessed a 25% increase in excise rate, double digit inflation levels, and increased competition not only from similar products but also from other products like electronics and mobile phones. This situation created widespread financial pressure in households, which in turn affected disposable incomes, diminished per capita income and resulted in rising costs of living.

Despite these tough market conditions, we are proud of the results we achieved. We have demonstrated agility in responding to the changing environment and have made a number of interventions to enhance the positions of our brands and to strengthen the business for the future. We continued to run our business on the highest fundamentals of brewing, distribution and sales. This includes include high quality of products, a strong brand portfolio which resonated well with consumers, superior customer service, as well as efficient liquidity and capital management, in a competitive environment.

Revenue registered an 11% growth with a corresponding operating profit growth of 10% amounting to Tshs 263,192 million. The effect of lower volumes sold during the year was offset by price increases, variable cost savings from a stable exchange rate, favourable product mix swing into the premium sector and an exceptional performance of the wines and spirits business.

The Tanzania beer industry witnessed a slowdown in response to the increase in excise duty. Group volumes sold declined compared to prior year, however wines and spirits volumes recorded growth due to entrenching of the product ranges launched in the previous year, pack renovation, introduction of Zanzi Cream Liqueur as well as expansion of the export market into East and Central Africa. The quality performance of our brands in the market remains unmatched, being driven by sustainable quality systems and continuous improvements.

The inflation pressure averaging 15% during the year saw costs running high but with improved efficiencies, trading profit registered a 10% increase above prior year, maintaining a proud record of annual growth in profit since the listing on the Dar es Salaam Stock Exchange in 1998.

Despite the increase in excise rate that resulted in a decline in volumes sold, TBL continued to make a significant contribution to Government revenues by way of corporate, excise and value added taxes. Payments to Government were Tshs 345 billion for the year; an increase of 10.6% over prior year.

Given the 15% growth in volumes in the prior year, it was obvious that additional capacity and capability was required to give the Company the flexibility it needed to deliver an exceptional performance in volumes in the future. A total of Tshs 103 billion was invested in fixed assets this year compared to Tshs 100 billion in prior year.

From this successful performance it was possible for the Company to propose a dividend payment of Tshs 300 per share during the year. The total dividend paid amounted to Tshs 88 billion which is 50% over that for the prior year. Our partnership with the Government has significantly benefited all shareholders, stakeholders, the national economy and the consumers of TBL products, as well as the committed and skilled labour force which makes TBL a truly world class Company.

We remain committed to the growth and development of our staff and continue to attract and retain the best talent in the market. The Company continued to upgrade capability within the organization, investing in talent development and training. A few employees have been deployed to various SABMiller operations largely as part of their career enhancement programmes and for succession planning purposes. Additionally, the Company continued to build an engaging and high organizational performance culture resulting in capability improvement and high employee engagement scores, as observed in our value surveys.

Over the year, the Company re-enforced its highly valued image as a responsible corporate citizen. Our "Bila Maji Hakuna Uhai" initiative provided 80,000 people with safe, clean drinking water across the country. We are committed to making a positive contribution to the sustainable development of the communities in which we operate. Our efforts in the growing of malting barley resulted in contracting over 23,791 acres of barley. Efforts to obtain large farms for commercial farming could not bear expected results.

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

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

(ii) To continue to engage with the Government to encourage adoption of a predictable policy with regards adjusting the annual excise rate by the rate of inflation. Such a system will stabilize prices for the consumers, the industry and the Government.

(iii) To develop the affordable beer brands aimed at recruiting consumers from the informal alcohol.

(iv) To continue efforts to gain self-sufficiency through local sourcing, by guaranteeing markets a fair price for their crops, and helping to improve quality and yields, through an integrated farming model that will meet both our needs and those of the smallholder model.

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

Chairman’s Statement (continued)

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

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

I am confident that TBL will continue its proud record of positive growth in earnings and dividends and its contribution to the economy of Tanzania. These achievements have been attained because of the commitment, dedication and hard work by the management and staff of TBL Group.

As we increase expansion of our business across the region, we are confident that we shall retain our position as one of the most respected publicly listed companies in Tanzania.

Finally, on behalf of the Board, I want to sincerely thank all our employees and management staff serving in all our units and stations across Tanzania. Without their dedicated and exemplary service, none of the results I have mentioned above could have been achieved.

We wish to record our appreciation of the smooth cooperation extended to us by the Tanzania Government during the year. We commit ourselves to continue these mutually beneficial relations in the years to come.

Cleopa David Msuya
Chairman of the Board

Taarifa ya Mwenyeketi

Tanzania Breweries Limited (TBL) na washirika wake inayofuraha kutoa ripoti yake ya fedha ya mwaka wa fedha unaoishia tarehe 31 Machi 2013. Katika mwaka huu wa fedha tumekutana na changamoto nyingi, lakini tumekabiliana nazo kwa ujasiri mkubwa. Tumeshuhudia ongezeko la asilimia 25 la kiwango cha ushuru, ongezeko mara mbili la mfumuko wa bei, ongezeko la ushindani wa bidhaa, si tu kwenye bidhaa ambazo ni sawa na tunazozalisha bali pia hata kutoka kwa makampuni mengine kama bidhaa za kielektroniki na simu za mkononi. Hali hii imeleta changamoto ya kifedha kwa wateja wetu, ambapo pia imeathiri kiwango cha akiba ambacho watu wanakitumia kupata huduma mbalimbali na hivyo kupunguza pato la siku na matokeo yake imeongeza gharama za maisha.

Ukiachilia mbali changamoto zote hizi kwenye soko, tunajivunia kwa matokeo mazuri tuliyoyapata. Tumeonyesha nguvu na hari katika kukabiliana na mabadiliko ya mazingira ya kibiashara na tumeweza kufanya mbinu mbalimbali kuimarisha bidhaa na biashara yetu kwaajili vipindi vijavyo. Tumeendelea kuendesha biashara yetu katika misingi bora ya uzalishaji, usamabazaji na uuzaji wa bia, ambao pia unaendana na bidhaa bora, huduma bora kwa wateja, ufanisi mkubwa na usimamizi bora wa mtaji katikati ya mazingira haya ya ushindani.

Tumeweza kupata ongezeko la asilimia 11% kwenye mauzo sambamba na kukua kwa faida ya uendeshaji ya asilimia 10% sawa na shilingi 263,192 millioni. Pamoja na kupungua kwa kiasi cha bidhaa zilizouzwa, mapato yatokanayo na mauzo yaliongezeka kutokana na ongezeko la bei, kubana matumizi hasa ya uzalishaji, kuimarika kwa shillingi ya Tanzania, na kuongezeka kwa kiasi cha mauzo ya bidhaa zilizo na faida kubwa na ufanisi mkubwa kwenye bidhaa za mvinyo na vinywaji vikali..

Soko la bia Tanzania liliathiriwa kwa kiasi kikubwa na ongezeko la ushuru wa bidhaa. Kiwango cha uzalishaji kwa ujumla kilishuka lakini kwa upande wa mvinyo na vinywaji vikali uzalishaji uliongezeka kutokana na kuzinduliwa kwa bidhaa mbalimbali mwaka uliopita, uboreshwaji wa chupa, kuzinduliwa kwa kinywaji cha Zanzi Cream Liqueur na upanuzi wa masoko ya nje ya Afrika ya Mashariki na Kati. Ubora wa bidhaa zetu umebaki kuwa wa hali ya juu usiolinganishwa kutokana na uboreshwaji na mifumo bora na endelevu..

Mfumuko wa bei wa wastani ya asilimia 15 uliongeza gharama za uendeshaji lakini uboreshaji wa ufanisi uliwezesha kupatikana ongezeko la faida ya biashara ya asilimia 10% ukilinganisha na mwaka uliopita hivyo kuendeleza rekodi ya ongezeko la faida kila mwaka tangu tujiunge na Soko la Hisa la Dar es Salaam mnamo mwaka 1998.

Licha ya ongezeko la ushuru lililopelekea kushuka kwa uzalishaji, Tanzania Breweries Limited (TBL) imeendelea kuwa moja ya vyanzo vikuu vya mapato serikalini kwa kulipa kodi ya ongezeko la thamani, ushuru wa bidha and kodi ya mapato ya kampuni. Jumla ya malipo hayo katika mwaka huu wa fedha yalikuwa ni shilling billion 345; ongezeko la asilimia 10.6 ukilinganisha na mwaka uliopita.

Kutokana na ongezeko la asilimia 15 la uzalishaji katika mwaka uliopita, kampuni ililazimika kufanya jitihada za kuongeza uwezo wa uzalishaji na utendaji kwa ajili ya miaka ijayo. Jumla ya shilingi bilioni 103 ziliwekezwa katika uzalishaji mwaka huu ukilinganisha na shilingi bilioni 100 zilizotumika mwaka uliopita.

Kutokana na mafanikio haya ya kiutendaji, Kampuni iliweza kupendekeza gawio la shilingi billioni 88 kwa mwaka, na kuweka rekodi, ya shilling 300 kwa hisa, ongezeko la asilimia 50% ukilinganisha na mwaka jana. Ubia wetu na serikali umenufaisha wanahisa wote, uchumi wa nchi na wateja wote wa bidhaa za TBL pamoja na wafanyakazi wanaojituma wa Kampuni ya bia ya Tanzania, ambayo ni mojawapo ya kampuni bora duniani

Tunaendelea kuweka mkazo kuboresha na kuwaendeleza wafanyakazi wetu na kukuza vipaji na ajira kwenye soko. Kampuni yetu imeendelea kuboresha uwezo wake ndani ya taasisi zake, kuwekeza katika kuibua vipaji na kutoa mafunzo kwa wafanyakazi. Baadhi ya wafanyakazi wamepewa nafasi ya kufanya kazi katika idara mbalimbali za makampuni ya SABMiller, kulingana na nafasi zao kama sehemu ya mpango wa kuendeleza wafanyakazi. Kampuni imejenga utamaduni mzuri baina ya wafanyakazi ambao umepelekea kukua kwa uwezo wa kufanya kazi na waajiriwa kushiriki kikamilifu kama yalivyoonyesha matokeo ya tafiti zetu.

Kwa miaka kadhaa Kampuni imekuwa ikitoa misaada mbalimbali na kuwajibika kwa jamii. Mradi wetu wa “Bila Maji Hakuna Uhai” umewapatia zaidi ya watu 80,000 maji safi na salama ya kunywa nchi nzima. Tumejikita kusaidia maendeleo endelevu ya jamii sehemu tulizokuwa na miradi. Jitihada zetu za kulima shayiri zimeleta matokeo ya kuanzishwa kwa zaidi ya heka 23,791 za shayiri. Juhudi za kupata mashamba makubwa kwa ajili ya kilimo cha biashara haikuzaa matunda yaliyotegemewa.

Matarajio ya baadaye, TBL ina lenga katika mipango ifuatayo:

(i) Kuongeza uwezo wetu wa kuwashawishi wateja na wafanyabiashara wa rejareja kununua bidhaa zetu kwa kuongeza ubora wa huduma zetu kwa wateja, kuwawezesha wateja wetu kuzijua na kuzifikia bidhaa zetu kwa urahisi na kuwapa bidhaa bora zitakazoendana na thamani ya fedha.

(ii) Kuendelea kujadiliana na serikali kuwa sera za ongezeko la ushuru zinazotabirika kuangalia na kupitia urekebishaji wa kiwango cha ushuru kiendane na kiwango cha mfumuko wa bei. Mfumo huu utasaidi kutuliza bei kwa walaji, viwanda na Serikali..

(iii) Kuzalisha bia bora na za bei nafuu kwa wateja ili kuwaepusha kutumia bia zisizo na viwango.

(iv) Kuendeleza jitihada ili kuweza kujitegemea katika malighafi kwa

Taarifa ya Mwenyeketi (continued)

kupitia vyanzo vya hapa hapa nchini, kuwahikikishia wakulima soko la mazao yao na bei bora, pia kuwasaidia kuongeza ubora na wingi wa mazao kupitia kilimo cha pamoja ambacho kitatuisaidia mahitaji yetu na ya wawekezaji wadogo

(v) Kuongeza jitihada kutoa nafasi kwa wafanyakazi wetu waofanya kazi kwa bidii kufanya kazi katika miradi yetu tuliyoipa kipaumbele ili kuwawezesha kupata ujuzi zaidi na kutimiza malengo yao.

(vii) Kupanua masoko ya nje kwa baadhi ya bidhaa zetu kwenye nchi jirani na mosoko mengine duniani.

Katika kuhitimisha, napenda kuwahakikishia wadau wetu kwamba, Kampuni ya Tanzania Breweries Limited na Kampuni zake tanzu zmekuwa kampuni bora zaidi kuliko awali. Watu wetu na rasilimali zetu kwa pamoja wamefanya kazi kwa bidii kuhakikisha tunakabiliana na changamoto za kibiashara ilikufanikisha malengo yetu na kutufanya kuweza kuwajibika kwa jamii ya watanzania. Nina matumaini makubwa ya maendeleo na mafanikio sio tu kwa Kampuni yetu bali na kwa uchumi mzima wa nchi yetu

Tukiwa tunaendelea kupanua biashara yetu nchi nzima, tunajiamini kuwa tutaendelea kuwa kampuni inayoheshimiwa miongoni mwa makampuni hapa nchini

Mwisho kwa niaba ya bodi ya wakurungezi, napenda kuwashukuru wafanyakazi na menejimenti toka kila idara zetu mbalimbali Tanzania nzima. Bila kujitolea kwao kwa ukamilifu tusingepata mafanikio yote haya niliyoyataja hapo juu.

Tunapenda kutoa shukrani zetu za dhati kwa Serikali ya Tanzania kwa kushirikiana nasi bega kwa bega kwa kipindi hiki chote. Tunahakikisha tutaendeleza ushirikiano huu mzuri uliopo kwa miaka mingine ijayo.

Cleopa David Msuya
Mwenyekiti wa Bodi

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 decentralised 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

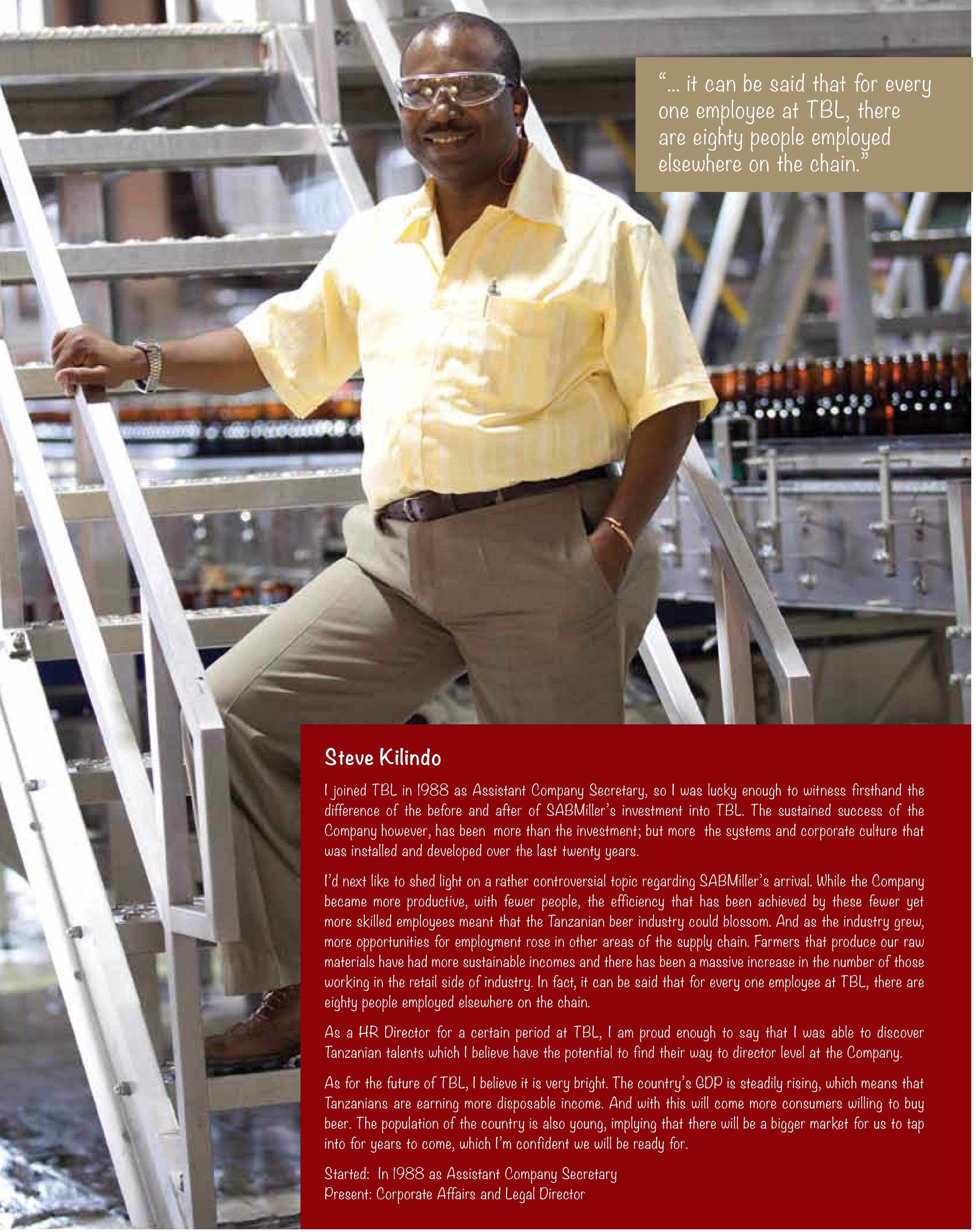
- We actively develop and share knowledge within the group
- We consciously balance local and group interests
- We foster trust and integrity in internal relationship
- We encourage camaraderie and a sense of fun

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



"... it can be said that for every one employee at TBL, there are eighty people employed elsewhere on the chain."

Steve Kilindo

I joined TBL in 1988 as Assistant Company Secretary, so I was lucky enough to witness firsthand the difference of the before and after of SABMiller's investment into TBL. The sustained success of the Company however, has been more than the investment; but more the systems and corporate culture that was installed and developed over the last twenty years.

I'd next like to shed light on a rather controversial topic regarding SABMiller's arrival. While the Company became more productive, with fewer people, the efficiency that has been achieved by these fewer yet more skilled employees meant that the Tanzanian beer industry could blossom. And as the industry grew, more opportunities for employment rose in other areas of the supply chain. Farmers that produce our raw materials have had more sustainable incomes and there has been a massive increase in the number of those working in the retail side of industry. In fact, it can be said that for every one employee at TBL, there are eighty people employed elsewhere on the chain.

As a HR Director for a certain period at TBL, I am proud enough to say that I was able to discover Tanzanian talents which I believe have the potential to find their way to director level at the Company.

As for the future of TBL, I believe it is very bright. The country's GDP is steadily rising, which means that Tanzanians are earning more disposable income. And with this will come more consumers willing to buy beer. The population of the country is also young, implying that there will be a bigger market for us to tap into for years to come, which I'm confident we will be ready for.

Started: In 1988 as Assistant Company Secretary
Present: Corporate Affairs and Legal Director

1996 – *Kilimanjaro Premium Lager launched and TBL began brewing Castle Lager.*

1997 – *Redd's imported.* *Ndovu Lager launched.*

1998 – *Bia Bingwa launched.* *TBL lists in the stock exchange.*

Directors' Report

For the year ended 31 March 2013

The Directors submit their annual report together with the audited financial statements for the year ended 31 March 2013, which disclose the state of affairs of Tanzania Breweries Limited (the "Company") and its subsidiaries, Tanzania Distilleries Limited, Dar Brew Limited and Kibo Breweries Limited, (together the ''Group").

1. INCORPORATION

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

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

2. PRINCIPAL ACTIVITIES

The Company's principal activities are the production, distribution and sale of malt beer, non-alcoholic malt beverages and alcoholic fruit beverages (AFB's) in Tanzania. It operates breweries in Dar es Salaam, Arusha, Mwanza and Mbeya and ten depots throughout the country. It also produces malt at its malting plant in Moshi.
The Company partially owns and manages Tanzania Distilleries Limited, a spirituous liquor company that is situated in Dar es Salaam; Darbrew Limited an opaque beer company located 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;
Konyagi; and
Ndovu.

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

3. VISION

To be the most admired Company in the beer industry in Tanzania:

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

4. MISSION

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

5. OPERATING AND FINANCIAL REVIEW

Market overview

The beer industry in Tanzania and in East Africa in general is becoming more competitive with more choices becoming available for the consumers. The business environment in Tanzania remained difficult with interrupted electricity supply hampering production and general infrastructure shortcomings causing challenges in delivering our products. High and double digit inflation together with a significant increase in Excise Tax led to a decline in the overall volumes in the beer industry as well as the sizeable increase in energy costs, placed pressure on consumer demand.

Performance for the year

The Group is pleased to report a satisfactory set of results for the year considering increased costs, market liquidity pressures as well as declining volumes in the beer industry.

Revenue of TShs 892,017 million represents a growth of 11% on prior year and is attributable to price increases, as well as the excellent performance of our wines and spirits business. Improved efficiencies and cost focused cost saving initiatives, allowed trading profit to end the period a pleasing 10% ahead of prior year. This performance is reflected in the increase in profit for the year to TShs 177,128 million from TShs 166,415 million in 2012.

A total of TShs 103 billion was invested in capital investment compared to TShs 100 billion in the prior year.

Despite increased operational cost pressures resulting from a combination of rising fuel, energy and raw materials prices, the group's cash generated from operations was TShs 294 billion reflecting a 33% increase on prior year. Of this amount, TShs 70 billion was utilised to pay corporate tax, and the remaining amount funded capital expenditure, repayment of bank borrowings, interest expenses and paid dividend to shareholders.

Business combination

On 14 March 2013, the Group acquired 60% of the share capital of Darbrew Limited for TShs 8,816 Million and obtained control of the Company. Darbrew is an opaque beer manufacturing Company with its operations in Dar es Salaam. The minority shares are held by Dar es Salaam City Council. As a result of the acquisition, the group expected to increase its presence in opaque beer markets to add to its existing opaque beer brand of Nzagamba existing in the Lake Zone. It also expects to reduce costs through economies of scale.

Future development

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

6. DIVIDEND

The Board of Directors approved payment of the first and second interim dividend for the year ended 31 March 2013 of TShs 300 per share amounting to TShs 88,749 million. The Directors do not recommend the payment of a final dividend.

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 2012, 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

Directors' Report (continued)

For the year ended 31 March 2013

review, he was an appointee of SABMiller Africa BV.

7. COMPOSITION OF THE BOARD OF DIRECTORS (continued)

Mr. W. Hall (South African)
Commercial Director 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 of SABMiller Africa & Asia, and has been serving the Board since 1st July 2001. He is an appointee of SABMiller Africa BV.

Mr. R. Goetzsche (South African)
Director of Operations, East Africa, for SABMiller Africa BV and the Managing Director, Tanzania Breweries Limited. He was appointed to the Board on 6th 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)
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 Group Audit Committee.

Ms Joyce Mapunjo (Tanzanian)
She is the Permanent Secretary, Ministry of Industry, Trade and Marketing. She was appointed to the Board on 16th 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. He is an appointee of SABMiller Africa BV.

Mr. P.J.I. Lasway (Tanzanian)
External Affairs and Special Projects Director. He was appointed on 18th February 2010; He is an appointee of SABMiller Africa BV.

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

The Board met four times during the year.

Operating Board:

Mr. R. Goetzsche (South African), Managing Director, Tanzania Breweries Limited – appointed in January 2009

Mr. K.H. O'Flaherty (South African), Finance Director – appointed in May 2008

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

Mr. P.J.I. Lasway (Tanzanian), External Affairs and Special Projects Director – appointed in February 2010

Mr. S.F. Kilindo (Tanzanian), Corporate Affairs and Legal Director – appointed in March 2008

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

7. COMPOSITION OF THE BOARD OF DIRECTORS (continued)

Mr. N. Brooks (British), Sales and Distribution Director – resigned in November 2012

Mr. M. Benjamin (South African), Sales and Distribution Director – appointed in January 2013

Mr. D. Mgwassa (Tanzanian), Managing Director, Tanzania Distilleries Limited – appointed in June 2008

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

Mr. K. Suma (Tanzanian), Head of Opaque Business – appointed in October 2012

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

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

	Ordinary Shares	Ordinary Shares
	2013	**2012**
C.D. Msuya	8,000	12,000
R.O.S. Mollel	3,600	3,600
A.R. Mpungwe	7,000	7,000
A.B.S. Kilewo	37,641	37,641
P.J.I. Lasway	36,162	25,362
Total	**92,403**	**85,603**

8 CORPORATE GOVERNANCE

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

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

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

GROUP AUDIT COMMITTEE

The Group Audit Committee monitors and reviews the effectiveness of the internal control and the internal financial control of the Company and its subsidiaries. The Group Audit Committee is a sub-committee of the Board and comprises of three Non-Executive Members. It is regulated

Directors' Report (continued)

For the year ended 31 March 2013

8. CORPORATE GOVERNANCE (continued)

by specific terms of reference and meets at least three times during the year. The Committee meets the external auditors and the internal audit department to review inter alias, accounting, auditing, internal control, financial reporting matters and the published financial statements of the Company and the Group. 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 organisation 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 a par value of TShs 100 each (2012: 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 organised 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 2013 was TShs 3,060 (2012: TShs 2,620) and market capitalisation was TShs 902,481million (2012: TShs 772,713 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 on-going basis in order to provide reasonable assurance regarding:

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 31 March 2013 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.

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 1,270 million for staff training programmes in the year compared to TShs 945 million in 2012. The programmes are aimed at improving the employee's technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

Medical Assistance

The Company provides medical services through on site dispensaries and outside hospitals. The 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.

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

14. EMPLOYEE WELFARE (continued)

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 assisted staff to establish and join the Company Savings and Credit Co- operative Society (SACCOS) to assist in promoting the welfare of its employees.

Persons with Disabilities

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

Employees Benefit Plan

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

15. GENDER PARITY

At 31 March 2013, the Company had 1,742 (2012: 1,708) employees, out of which 218 (2012:213) were female and 1,524 (2012: 1,495) were male.

16. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note 34 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 489 million (2012: TShs 321 million).

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 9.7% reduction in water usage over the prior year. Energy reduction achieved was 6.8% despite the challenges of ongoing poor water supply from the national grid.

On the SABMiller global Sustainable Development Assessment Matrix (SAM), the Company improved from a 3.12 to a 3.23 average on the "Ten Priorities, One Future" theme.

19. CORPORATE SOCIAL RESPONSIBILITY

Sustainable Water Supply to Communities Programme "Hakuna Maji Hakuna Uhai"

'No Water No Life' programme in financial year 2013 (F13) continued to aid access of clean and safe water to communities and institutions in need throughout the country. The programme invested over TShs 376 million in the construction of boreholes, water wells, water points and installed water tanks primarily in villages in the Morogoro, Kilimanjaro, Tangaand and Singida regions. The programme has also assisted in the improvement of access of water in hospitals and institutions. Over 100,000 Tanzanians, the majority residing in the rural areas, have benefited from the programme. Communities have experienced improvement in health and nutrition, school attendance and overall improvement in the quality of life to the beneficiaries.

Other Corporate Social Investments:

TBL remains at the forefront in environmental protection within the communities surrounding our operations. In all environmental protection activities, our Company partners with local government, whereby staff from both TBL, local government offices and the residents volunteer together.

(i) In Mwanza, 2,600 trees were planted along the roads and in schools in Mwanza city as an initiative to protect Lake Victoria.

(ii) In Dar-es-Salaam, on World Environment Day, TBL staff together with Ilala Municipal and residents of Mchikichini cleaned the streets surrounding the brewery. Equipment used was donated by TBL and valued at TShs 20m.

(iii) To mark the 10th anniversary of the Kilimanjaro Marathon, TBL directed Corporate Social Responsibility efforts in Kilimanjaro to investing in rural healthcare. Huruma Hospital (Rombo) and Kyaseni hospital (Uru East) each received 100 mattresses and 105 mosquito nets valued at TShs 20m. Kyaseni hospital in particular had been facing the challenge of providing patients, particularly in the maternity and paediatric wards, comfortable beds due to the presence of old worn-out mattresses. In some cases, mattresses had to be stacked on top of each other for expectant/new mothers.

20. AUDITOR

The auditor, PricewaterhouseCoopers, has expressed its willingness to continue in office as auditor and is eligible for re-appointment. A resolution proposing the re-appointment of PricewaterhouseCoopers as auditor of the Company for the financial year 2014 will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

Hon. C.D. Msuya   Date: 12 July 2013
Chairman

"It's made me who I am today, which is a person that is able to communicate with people across different cultures and backgrounds."

Consolata Adam

In my twenty-four years at TBL, I've worked in different roles, including Depot Manager, Credit Advisor, Marketing Officer and Brand Manager.

To give you an idea of what things were like before SABMiller joined, not only did we have just one brand, Safari Lager, and no marketing strategy, but some of the bottles we produced didn't even have labels. When SABMiller came , they formalised the marketing department which began developing a marketing strategy for Safari Lager and personalities for new brands, Kilimanjaro and Ndovu. We continued to grow and we were able to dominate more of the Tanzanian market by introducing more brands like Balimi and Eagle to keep ahead of competition in specific regions. Brands like Miller, Peroni and Castle Lite were also brought in to cater for the ever emerging middle-class. We've even gone into the non-alcoholic malt market with brands like Grand Malt.

With this ever growing portfolio of brands, there has been a spike in the amount of beer outlets around the country. I think there are now about just over 1000 outlets in Tanzania, which compared to what we had before 1994 is unimaginable.

We've also had to work at improving our brands' visibility at these many outlets. Not only have brands been strategically partnered with outlets based on the type of consumer spending time at it but we've strived to enhance the drinking experience at these outlets by creating emotional links between our brands and consumers.

Finally, on a personal level, I can say that I've been so proud to have worked at TBL. It's made me who I am today, which is a person that is able to communicate with people across different cultures and backgrounds.

Started: 1989 as a Marketing Officer
Present: Brand Manager of TBL's non-alcoholic malt portfolio

1999 — *Launch of Balimi Lager.*

2000 — *TBL Commissions new brew house in Dar es Salaam.*

2001 — *Installed canning line.*

Managing Director's Report

For the year ended 31 March 2013

In the past financial year, business in Tanzania continued to face challenging operating circumstances. Markets, categories, price points and brands have been affected, but in different ways and to differing degrees. This variability, and the unpredictability it creates, characterised the year. Our response to these factors and conditions has been to demonstrate outstanding agility as a business, agility which has allowed us to mitigate risk and maximize opportunity, and which has delivered a good financial performance, particularly in the second half. Our overarching aim has been to make the business stronger in spite of the prevailing economic situation. Tanzania Breweries Limited Group was able to achieve a 10% increase in operating profit over prior year, despite the challenging macroeconomic landscape during the year, characterised by the significant decline in beer volumes following a 25% increase in excise rate in July 2012, double digit inflation levels, unreliable power supply, increased competitive environment, as well as the challenging infrastructure.

Tanzania Breweries Limited is committed to sustainable business practices as part of a long-term strategic framework that looks to act beyond the financial year. We are aware of the important role we play in society and in those communities in which we operate. We therefore seek to run our business in a responsible way, focusing on areas where we can make a positive difference by engaging with all stakeholders at all levels. We have focused our thinking and our actions around areas where we can have a real impact on our business environment and where the changing business environment has a real impact on us. These focus areas are:

- Energy consumption and CO_2 emission
- Water consumption, waste water and discharge
- Safety of our employees and our installations
- Agriculture quality and availability of raw materials
- Supply chain responsibility
- Responsible alcohol consumption

The 25% increase in excise rate, resulted in a shortfall of 16% in excise collections relative to the target set by the Government. Tanzania Distilleries Limited, however, continued to perform well with good volume and earnings growth recorded during the year.

The Tanzanian Shilling remained stable over the period which benefited the cost of imported materials, however, the cost of imported malt went up due to the 10% import duty on malt following lapse of the Stay Application of East Africa Common External Tariff of 2005 in July 2012. The rise in electricity and oil prices coupled with erratic supply adversely affected fuel and energy costs. The impact of these increases was minimised by effective cost controls, currency hedging and improved efficiencies. Gross profit grew by 12% as the effect of a positive price and sales mix and realised cost reductions exceeded the impact of lower beer volume and the increase in input and energy costs.

Our brands, product portfolio and commercial execution are key in becoming the preferred partner of our customers and the preferred choice for our consumers. Our strategy is to offer a winning portfolio of strong local brands and international premium brands, and to continuously improve the offerings to customers and consumers while also strengthening the value contribution of our portfolio. Safari Lager enjoys a special status as Tanzania's biggest brand and this was affirmed by being awarded the Grand Champion No.1 African Beer Awards during the 14th African convention of the Institute of Brewing and Distilling held in Ghana. An important element of our strategy is to excel in all commercial areas, with an emphasis on value management, route to market, effective return on marketing investments and superior outlet execution. We aim to develop and provide offerings that meet the needs of consumers and customers in a superior way taking insights into action. We continued to invest in marketing spend on all brands to focus on brand and pack innovation. Launching of Zanzi Cream Liqueur and Apple Maltiza and Pineapple Maltiza during the year is a testimony of our new offering to our consumers.

The ongoing development of the Distribution Centers (DC's) was strengthened with many DC's investing in warehousing and handling facilities. This resulted in sustained improvement in their business performance and supply chain efficiencies. The DC's incentive scheme saw TBL project team taking a number of DC's for business tours to other countries to see for themselves how their counterparts were performing. Castle Lite, launched in 2011 in the premium category, continued to perform well above expectation. We achieved a 21.6% increase in our lager beer export volumes mainly to Kenya.

Tanzania Distilleries Limited continued to record excellent volume growth, ending the year with a 17.4 % growth. Commissioning of Mwanza Traditional beer during the year resulted in volume growth of 165% over last year, though off a lower base. To broaden our opaque beer footprint we acquired 60% shares in Darbrew Limited in March 2013.

Improved efficiencies and focused cost management contributed to operating profit ending 10% ahead of prior year. Cash generated from operations amounted to TShs. 294 billion of which Tshs. 70 billion was utilised to pay corporate tax, while the remainder was applied towards funding of interest, capital expenditure and paying of dividends. The Board approved a total record dividend for the year of Tshs 300 per share, which was 50% higher than the dividend declared last year.

The TBL Group is committed to conducting its operations in a socially and environmentally responsible way. We acknowledge the importance of integrating Corporate Social Responsibility (CSR) into our business functions in order to maintain our licence to operate, address risks, create new commercial and efficiency opportunities, and to make a positive impact on the societies in which we operate.

Managing Director's Report (continued)

For the year ended 31 March 2013

The enterprise development initiative, part of our approach to sustainable development to support our supply chain through local sourcing of key raw materials, did produce the results that had been anticipated as 23,791 acres of barley growing land were contracted against an initial target of 16,858 acres. Our efforts to obtain more land for commercial large scale farming could not bear fruits as the process of obtaining such land has proven difficult.

In line with this initiative, the decision to produce more wines using locally grown grapes, has shown significant progress resulting in contracting additional farmers in central Dodoma region, where grapes produced from small scale farmers are used by Tanzania Distilleries in the production of Valeur brandy as well as their different brands of local wines. To encourage more farmers to grow at scale, the Government facilitated this by reducing the excise rate on locally produced wines using local grapes from Tshs 420 to Tshs 145 per litre.

A misconception in society towards alcohol could prompt legislators to impose unreasonable restrictive measures which could negatively impact the industry. TBL's Alcohol Policy is based on the principle to brew, market, and sell beer in ways that have a positive impact on society. With this policy, TBL promotes awareness of the advantages and disadvantages of alcohol, encouraging informed consumers to be accountable for their own actions. Markets are becoming more and more engaged in promoting responsible consumption through different means of communication. Our internal programmes include Responsible Commercial Communication, which are being monitored continuously, remain important building blocks of our policy. We are also actively engaged with the World Health Organization in developing a National Alcohol Policy. The "Ten Priorities One Future" priority for sustainable development continued to be embedded in our operations and our staff. Responsible Drinking is communicated internally through weekly alcohol messages circulated electronically and posted on all notice boards.

In alignment with SABMiller's Licence to Trade way, Corporate Social Investment (CSI) is made in the communities where TBL operates in. Primary focus of CSI is on Water. "No Water No Life" initiative's sole purpose is to improve the supply of clean and safe water to disadvantaged communities and institutions. In the financial year ended 31 March 2013, (F13), "No Water No Life" campaign aided over 80,000 beneficiaries nationwide gaining access to water through boreholes, wells, installed and upgraded piped-water systems.

Our employees are our most important asset and we dedicate significant amounts of time and resources to their growth, development and well-being. In our Human Resources plan we outline four key goals:

- Ensure we have the right people at the right time in the right position
- Create a culture that drives performance
- Implement reliable human resource services
- Build the role of human resource in ensuring personnel expense is correctly budgeted and spent throughout the Company. Work closely with the authorities to develop policies that are amicably viable

During the year, we continued our journey towards these goals by building upon the existing management, leadership and reward systems in place throughout our organisation. The new Human Resources Operations Model (HROM), which enables us to identify human resource improvement opportunities and fully align our human resource practices with the business requirements of our various operations, was successfully implemented.

The outlook for the year ahead will depend on the sustainability of economic growth, excise rate increases, fuel and utility prices, infrastructure development as well as the stability of the Tanzanian Shilling. I believe that the combination of our actions, our commitments and our people drive momentum which will ensure that Tanzania Breweries Limited will emerge as a stronger and more competitive Company for the mutual benefit of the shareholders, stakeholders and the economy at large.

ROBIN GOETZSCHE
MANAGING DIRECTOR

Ripoti ya Mkurugenzi Mtendaji

For the year ended 31 March 2013

Mwaka wa fedha uliopita ulikabiliwa na changamoto nyingi katika shughuli za uendeshaji. Athari hizo zimeonekana katika masoko, aina mbalimbali za bidhaa, na bei kwa namna na viwango tofauti. Changamoto hizi ziliituathiri kwa sehemu kubwa ya mwaka. Mwitikio wetu umekuwa kuonyesha ustahimilivu katika biashara. Ustahimilivu huu umetuwezesha kupunguza na kutumia vizuri fursa zilizojitokeza ambayo imetupa matokeo mazuri, hasa katika nusu ya pili wa mwaka wa fedha. Malengo na mikakati yetu imekuwa kuimarisha zaidi biashara yetu licha ya hali ya uchumi iliyojitokeza. Licha ya mabadiliko hayo ya kiuchumi katika mwaka, yaliyodhihirishwa na upungufu wa uzalishaji kufuatia ongezeko la ushuru la asilimia 25 kuanzia mwezi Julai, 2012, kupanda mara mbili kwa mfumuko wa bei, kutokuwa na nishati ya uhakika, kuongezeka kwa mazingira ya ushindani na changamoto za kimiundombinu, Kampuni ya Bia Tanzania na washirika wake walifikia ongezeko la 10% katika faida ya uendeshaji zaidi ukilinganisha na mwaka uliopita.

Kampuni ya Bia Tanzania inawajibika kufanya biashara endelevu kama sehemu ya mpango wa muda mrefu wa kimkakati yenye muelekeo wa kiutendaji kuzidi malengo ya mwaka wa fedha. Tunafahamu umuhimu wa nafasi yetu katika jamii na katika zile jamii ambazo sisi tunafanya kazi. Kwa hiyo tunatazamia kuendesha biashara katika hali ya kuwajibika, tukiweka msisitizo katika maeneo ambayo tunaweza kuleta mabadiliko chanya kwa kujihusisha na wadau katika ngazi zote.

Tunalenga mawazo yetu na matendo yetu katika maeneo ambayo yanaweza kuathiri biashara yetu na ambapo mabadiliko ya kibiashara yana athari kubwa kwetu. Maeneo haya ni:

- Nishati: Matumizi na utoaji wa hewa ukaa
- Maji: Matumizi, maji taka na utoaji
- Usalama: Wa wafanyakazi wetu na uwekezaji wa vifaa
- Kilimo: Ubora na upatikanaji wa malighafi
- Uwajibikaji kikamilifu katika Ugavi
- Unywaji pombe kistaarabu

Ongezeko la 25% katika kiwango cha ushuru, ulisababisha anguko la 16% katika makusanyo ya ushuru wa kulinganisha na lengo lililowekwa na Serikali. Tanzania Distilleries Limited, hata hivyo, iliendelea kufanya vizuri katika kiwango cha ujazo na ongezeko la mapato kwa mwaka.

Thamani ya shilingi ya Tanzania haikubadilika sana kwa kipindi kirefu katika mwaka huu wa fedha. Hii ilisaidia unafuu wa bei za bidhaa zinazoingizwa nchini hata hivyo bei ya kimea kutoka nje ilipanda kwa asilimia 10% kutokana na ushuru wa uingizaji wa kimea ulioanzishwa mwaka huu kufuatia kuondolewa kwa maombi ya kusimamisha utekelezaji wa kiwango sawa cha ushuru wa forodha katka nchi za Afrika Mashariki mnamo Julai 2012. Kupanda kwa bei ya umeme na mafuta pamoja na usambazaji usiokuwa wa uhakika umeathiri gharama za mafuta na nishati. Athari za ongezeko hili zimepunguzwa kwa kubana matumizi, ukomo wa sarafu na ufanisi bora. Faida ghafi iliongezeka kwa asilimia 12 ukilinganisha na mwaka uliopita kutokana na bei nzuri, mchanganyiko mzuri wa mauzo ya bidhaa, kubana matumizi kulidhibiti athari ya kushuka kwa kiasi cha bia na kuongezeka kwagharama za nishati. Hii inadhihirishwa kwa kupanda kwa kiwango cha faida ukilinganisha na mwaka uliotangulia.

Bidhaa zetu, makundi ya bidhaa na utekelezaji kibiashara ni muhimu katika kutufanya washirika bora na kuwa chaguo lililopendekezwa na wateja wetu. Lengo letu ni kuzalisha aina mbalimbali za bidhaa bora kwa bidhaa za ndani na zile za kimataifa na kuendelea kuboresha huduma kwa wateja na watumiaji na huku tukiendelea kuimarisha thamani ya bidhaa zetu kwa makundi. Safari Lager inaendelea kuwa kinara na hii inadhihirishwa kwa kutunikiwa tuzo ya kuwa bia namba moja Afrika, tuzo ya “Grand Champion no.1 African Beer Awards” iliyotolewa katika kongamano la 14 la Taasisi ya Usindikaji wa bia na pombe kali iliyofanyika nchini Ghana. Kipengele muhimu katika mkakati wetu ni kukua katika kila nyanja ya biashara na msisitizo katika kusimamia ubora, namna ya kuingia sokoni, faida inayopatikana kutokana na kiwango tulichowekeza katika masoko na utendaji wa hali ya juu katika vituo vyote. Tunalenga kukuza na kutoa huduma inayolingana na mahitaji ya wateja na watumiaji katika kiwango cha hali ya juu kwa kutendea kazi maoni yao. Tunaendelea kuwekeza katika kuboresha masoko kwa kila bidhaa tukiweka msisitizo katika ubora wa bidhaa yenyewe na ubunifu katika vifungashio. Kuingizwa sokoni kwa bidhaa mpya za Zanzi Cream Liqueur, Apple Maltiza na Pineapple Maltiza katika mwaka huu wa fedha ni ushuhuda wa a namna tunavyowahudumia wateja wetu.

Jitihada zetu za kukuza na kuboresha vituo vya usambazaji zimeungwa mkona na na wasambazaji kwana kuwekeza katika maghala na vifaa. Hii imeleta mboresho endelevu katika utendaji wa kibiashara na ugavi. Utaratibu wa motisha kwa wasambazaji umeiwezesha timu ya miradi ya TBL kuwasafirisha nje ya nchi baadhi ya wasambazaji katika safari za kibiashara ili kujionea namna wenzao wanavyofanya kazi. Castle Lite ambayo iliingizwa sokoni rasmi mnamo mwaka 2011 katika kundi la Premium, imeendelea kufanya vizuri kupita ilivyotarajiwa. Kiwango cha bia kilichouzwa nje ya nchi, hususani nchini Kenya, kimekuwa kwa asilimia 21.6 ukilinganisha na mwaka uliopita.

Tanzania Distilleries Ltd imeendelea kuwa na kiwango kizuri katika uuzaji wa bidhaa zake. Katika katika mwaka huu kiwango hiki kimekuwa kwa 17.4% ukilinganisha na mwaka uliopita. Kuzinduliwa kwa Mwanza Traditional Beer kuliongeza mauzo ya za kienyeji kwa asilimia 165 ukilinganisha na mwaka uliopita japo kwa kiwango cha chini. Kuongeza wigo wa biashara ya biaza kienyeji tulinunua asilimia 60% ya hisa za Dar Brew mnamo Machi 2013.

Ufanisi na usimamizi mzuri wa gharama uliwezesha faida ya uendeshaji kukukua kwa 10% zaidi ya mwaka uliotangulia. Fedha taslimu zilizotokana na uendeshaji zilifikia shilingi 294 bilioni. Kati ya hizo shilingibilioni 70 zilitumika kulipia kodi ya kampuni, fedha

zilizosalia zilitumika kulipa riba, mtaji na kulipa gawio. Bodi ilipitisha jumla ya gawio la kihistoria la shilingi 300 kwa hisa, ongezeko la asilimia 50 ukilinganisha na gawio liliotangazwa mwaka jana.

Kampuni ya Bia Tanzania na kampuni zake tanzu zinaendesha shughuli zake kwa kuzingatiauwajibikaji kwa jamii na mazingira. Tunatambua umuhimu wa kuunganisha kampuni na uwajibikaji kwa kijamii (CSR) katika shughuli zetu za biashara ili kudumisha leseni yetu ya kufanya biashara, kushughulikia madhara, kuunda fursa mpya za kibiashara na kiufanisi na kuleta mabadiliko chanya katika jamii tunayofanyia kazi. Mpango wa maendeleo ya biashara, sehemu ya mfumo wetu wa maendeleo endelevu kusaidia ugavi kupitia vyanzo vya ndani vya malighafi muhimu, umeleta matokeo yaliyotarajiwa, kwani ekari 23,791 za shayiri zilisainishwa mkataba mbali na lengo lililokuwepo awali la ekari 16,858. Juhudi zetu za kupata ardhi zaidi kwa ajili ya kilimo cha mashamba makubwa hakikuzaa matunda.

Sambamba na mpango huu, uamuzi wa kuzalisha mvinyo zaidi kutumia zabibu inayozalishwa hapa nchini umeonyesha mafanikio makubwa na kusababisha kuongezeka kwa wakulima katika kanda ya kati Dodoma, ambapo zabibu zinazozalishwa kutoka kwa wakulima wadogo wadogo hutumiwa na Tanzania Distilleries katika uzalishaji wa Valeur Brandy pamoja na bidhaa zao mbalimbali za ndani zinazotokana na mvinyo. Ili kuhamasisha zaidi wakulima kupanda kwa kiwango, Serikali iliwezesha hii kwa kupunguza kiwango cha ushuru kwa bidhaa za mvinyo zinazozalishwa ndani ya nchi kwa kutumia zabibu ya ndani kutoka shilingi 420 hadi shilingi 145 kwa lita.

Mtazamo hasi kuhusu pombe unaozidi kuongezeka katika jamii ungeweza kusababisha vyombo vya sheria kuchukua hatua za kuweka vikwazo vigumu kuliko inavyotakiwa hivyo kuathiri sekta nzima.. Sera ya vileo ya TBL imejengwa katika msingi wa kuzalisha pombe, kutangaza, na kuuza bia katika namna itakayoleta matokeo chanya katika jamii kwa ujumla. Kwa kutumia sera hii, TBL inakuza ufahamu wa faida na hasara za pombe, na kuhimiza watumiaji kuwajibika kwa vitendo vyao. Masoko yanajihusisha zaidi katika kuhimiza watumiaji kunywa kistaarabu kupitia njia mbalimbali za mawasilianoMipango yetu ya ndani na matangazo yanayohimiza unywaji pombe kistaarabu ambayo yamekuwa yakisimamiwa kila wakati, yatabakia kuwa muhimu katika kujenga sera yetu.

Pia, tunashiriki kikamilifu katika mchakato wa Shirika la Afya Duniani kuendeleza Sera ya Taifa ya Vileo. “Ten Prorities One Future” kipaumbele kwa ajili ya maendeleo endelevu vimeendelea kujumuishwa katika uendeshaji wetu wa biashara pamoja na wafanyakazi wetu. Tahadhari ya Unywaji Pombe Kistaarabu imekuwa inaendeshwa kwa wafanyakazi wetu kupitia ujumbe wa kila wiki unaohusu pombe unaosambazwa kwa njia ya kielektroniki na kubandikwa katika mabango ya matangazo.

Kuendana na leseni ya SABMiller ya biashara, shughuli za marejesho kwa jamii (CSI) zinafanyika katika maeneo ambamo TBL inaendesha shughuli zake. Eneo la msingi kabisa ni sekta ya maji. Kampeni ya “Bila Maji Hakuna Uhai” inalenga kuongeza upatikanaji na usambazaji wa maji safi na salama kwa jamii zisizojiweza pamoja na taasisi za umma. Katika mwaka wa fedha wa 13 (F13), kampeni ya “Bila Maji Hakuna Uhai” imesaidia zaidi ya walengwa 80,000 nchi nzima kupata huduma ya maji kupitia visima, na kuwekwa kwa mifumo ya mabomba ya maji iliyoboreshwa.

Wafanyakazi wetu ni mali yetu muhimu sana na sisi hujitolea kiasi kikubwa cha muda na rasilimali kwa maendeleo na ustawi wao. Mpango wetu katika utumishi unalenga mambo makuu manne:

- Kuhakikisha tuna watu sahihi kwa wakati sahihi kwa kazi sahihi.
- Kujenga utamaduni unaochochea ufanisi.
- Kutekeleza huduma muhimu katika rasilimali watu.
- Kufanya kazi kwa ukaribu na mamlaka husika kuhakikisha sera za rasilimali watu zina maslahi kwa kila upande

Katika mwaka huu, tuliendelea na safari yetu kufikia malengo haya kwa kujenga mifumo juu ya utawala uliopo, uongozi na mfumo wa motisha kwa ngazi zote za kiutendaji katika kampuni. Namna mpya ya kiutendaji ya rasilimali watu (HROM) ambayo inatuwezesha kuainisha uboreshaji wa fursa za rasilimali watu na muelekeo mzima wa shughuli za kiutendaji za rasilimali watu na mahitaji ya kibiashara katika njanja mbalimbali za kiutendaji zilikuwa zimefanyika kikamilifu.

Mtazamo wetu kwa mwaka unaofuata utategemea uchumi endelevu, kiwango cha ongezeko la ushuru, bei ya mafuta na gharama za umeme na maji na kukua kwa miundombinu na uimara wa thamani ya sarafu ya Tanzania. Naamini kwamba tukiunganisha pamoja utendaji wetu, na uwajibikaji wa watu wetu tutahakikisha kuwa Kampuni ya Bia Tanzania itaibuka kuwa imara zaidi na kuwa kampuni yenye kuleta ushindani zaidi kwa maslahi ya wanahisa, wadau wetu na uchumi kwa ujumla.

ROBIN GOETZSCHE

MKURUGENZI MTENDAJI

TBL Responsible Way - Kuwajibika kwa TBL

1. RESPONSIBLE ALCOHOL USE

TBL Group practices and promotes the responsible use of alcohol by those who 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, to 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 2013

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 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 minimise 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 pages 12 and 13.

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   Date: 12 July 2013
Chairman

Report of the Independent Auditor

For the year ended 31 March 2013

Report on the financial statements

We have audited the accompanying financial statements of Tanzania Breweries Limited ("the Company") and its subsidiaries, Tanzania Distilleries Limited, DarBrew Limited and Kibo Breweries Limited (together "the Group"), which comprise the Group's and Company's statements of financial position as at 31 March 2013, and their respective statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors 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 for 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 financial affairs as at 31 March 2013 and of their profits and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, CAP 212 Act No. 12 of 2002.

Report on Other Legal and Regulatory Requirements

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with 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.

Leonard C. Mususa,FCPA-PP
Date: 22 July 2013

For and on behalf of PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam

"When you have employees at all levels of the corporate chain that have been in the Company for thirty or forty years, you know that there has to be something special in that Company."

David Mgwassa

Before I was appointed Managing Director of Tanzania Distilleries Limited, I had worked as a Sales and Distribution Director, Regional Director of the Northern Zone, Regional Marketing Manager and Senior Planning and Development Officer, all at TBL.

My reflection on the partnership between SABMiller and TBL is that they have managed to create what I call 'relevance'. This 'relevance' is achieved by being a pillar in the social and economic makeup of the country. I consider organisations like the Tanzanian Revenue Authority and Tanzanian Port Authority in a similar class of relevance in Tanzania. Further to this, SABMiller arrived in Tanzania right when the whole advent of Globalisation was occurring. However, what they physically did in Tanzania moved away from the globalisation idea. They empowered and contracted Tanzanian farmers to provide most of their raw materials, which they could have easily imported from Australia. Other than ensuring that the pricing of their products remained more stable, it meant that the industry could become a self-reliant, Tanzanian industry. And this also helped Tanzania see TBL brands as truly Tanzanian brands; brands that they could be proud of.

What I can say has been most pleasing to me on a personal level is the look of TBL's social fabric. When you have employees at all levels of the corporate chain that have been in the Company for thirty or forty years, you know that there has to be something special in that Company. Tanzanian companies are often known for failing to foster symbiotic working relationships between Tanzanians and expatriates. However, I believe that TBL is one of the only companies that have successfully done so.

Started: Senior Planning Officer
Present: Managing Director at Tanzania Distilleries Limited.

2002

Kilimanjaro Marathon: Tanzania's first and one of the largest sporting events, attracting both amateur and professional athletes from all over the world.

2003

Arusha Brewery wins Best Brewery Award.
Safari Lager package upgrade.

TBL beer production output exceeds 2 million hectolitres.

For the year ended 31 March 2013

Statements of Profit or Loss and other Comprehensive Income

	Notes	Group 2013 TShs'M	Group 2012 TShs'M	Company 2013 TShs'M	Company 2012 TShs'M
Revenue	6	**892,017**	800,948	**729,663**	675,265
Cost of sales	7	**(449,827)**	(407,575)	**(349,898)**	(333,435)
Gross profit		**442,190**	393,373	**379,765**	341,830
Selling and distribution costs	7	**(126,719)**	(109,856)	**(117,427)**	(100,984)
Administrative expenses	7	**(52,873)**	(49,061)	**(45,715)**	(42,553)
Other (expenses)/income	9	**(3,803)**	7,009	**12,967**	23,011
Derivative income /(loss)	10	**4,397**	(2,177)	**4,397**	(2,177)
Operating profit		**263,192**	239,288	**233,987**	219,127
Finance income	11	**4,998**	7,277	**8,215**	9,534
Finance costs	11	**(14,377)**	(8,337)	**(14,864)**	(8,337)
Profit before income tax		**253,813**	238,228	**227,338**	220,324
Income tax expense	12	**(76,685)**	(71,813)	**(64,317)**	(62,089)
Profit for the year		**177,128**	166,415	**163,021**	158,235
Attributable to:					
Non-controlling interests		**9,784**	7,693		
Equity holders of the Company		**167,344**	158,722		
		177,128	166,415		
Other comprehensive income:					
Cash flow hedges:					
Fair value gains transferred to receivables		**494**	-	**494**	-
Fair value losses transferred to payables		**(1,532)**	-	**(1,410)**	-
Total comprehensive income		**176,090**	166,415	**162,105**	158,235
Attributable to:					
Non-controlling interests		**9,741**	7,693		
Equity holders of the Company		**166,349**	158,722		
		176,090	166,415		
Basic earnings per share (TShs)	13	**579.1**	542.7		
Diluted earnings per share (TShs)	13	**567.4**	538.2		

For the year ended 31 March 2013

Statements of Financial Position as at 31 March

	Notes	Group 2013 TShs'M	Group 2012 TShs'M	Company 2013 TShs'M	Company 2012 TShs'M
ASSETS					
Non-current assets					
Property, plant and equipment	15	**425,680**	363,298	**402,690**	349,781
Intangible assets	16	**49,343**	40,943	**1,158**	1,313
Investments	17	**88**	88	**53,924**	45,108
Prepaid lease	18	**982**	993	**-**	-
		476,093	405,322	**457,772**	396,202
Current assets					
Inventories	19	**126,448**	127,859	**102,322**	110,070
Accounts receivable	20	**86,357**	55,130	**94,582**	73,330
Bank and cash balances	21	**49,442**	100,509	**42,065**	96,667
		262,247	283,498	**238,969**	280,067
Total assets		**738,340**	688,820	**696,741**	676,269
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	22	**29,493**	29,493	**29,493**	29,493
Share premium	22	**45,346**	45,346	**45,346**	45,346
Retained earnings		**415,275**	336,410	**404,097**	329,555
Other reserves	23	**(13,195)**	(12,209)	**(13,116)**	(12,209)
		476,919	399,040	**465,820**	392,185
Non-controlling interests	24	**10,683**	6,070	**-**	-
Total equity		**487,602**	405,110	**465,820**	392,185
LIABILITIES					
Non-current liabilities					
Borrowings	25	**1,875**	57,725	**1,875**	57,725
Deferred income tax liabilities	26	**41,415**	33,962	**39,382**	33,085
Provisions for other liabilities and charges	27	**447**	493	**447**	493
		43,737	92,180	**41,704**	91,303
Current liabilities					
Trade and other payables	28	**129,505**	167,089	**111,116**	168,186
Borrowings	25	**71,724**	19,140	**71,724**	19,140
Current Income tax liabilities		**5,772**	5,301	**6,377**	5,455
		207,001	191,530	**189,217**	192,781
Total liabilities		**250,738**	283,710	**230,921**	284,084
Total equity and liabilities		**738,340**	688,820	**696,741**	676,269

The financial statements on pages 28 to 77 were authorised for issue by the board of directors and they were signed on its behalf by:-

Hon. C.D. Msuya Date: 12 July 2013
Chairman

For the year ended 31 March 2013

Statements of Changes in Equity

Attributable to equity holders of the Company

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Non-controlling interest	Total Equity
		TShs'M	TShs'M	TShs'M	TShs'M	TShs'M	TShs'M
GROUP							
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**
Year ended 31 March 2013							
Balance at 1 April 2012		**29,493**	**45,346**	**(12,209)**	**336,410**	**6,070**	**405,110**
Comprehensive income							
Profit for the year		-	-	-	167,344	9,784	177,128
Cash flowhedge fair value losses (net)	23	-	-	(995)	-	(43)	(1,038)
Total comprehensive income		-	-	(995)	167,344	9,741	176,090
Transactions with owners							
Dividends paid	14	-	-	-	(88,479)	(7,514)	(95,993)
Purchase of own shares (treasury shares)	23	-	-	9	-	-	9
Acquisition of a subsidiary	32	-	-	-	-	2,386	2,386
Balance at 31 March 2013		**29,493**	**45,346**	**(13,195)**	**415,275**	**10,683**	**487,602**

For the year ended 31 March 2013

Statements of Changes in Equity (continued)

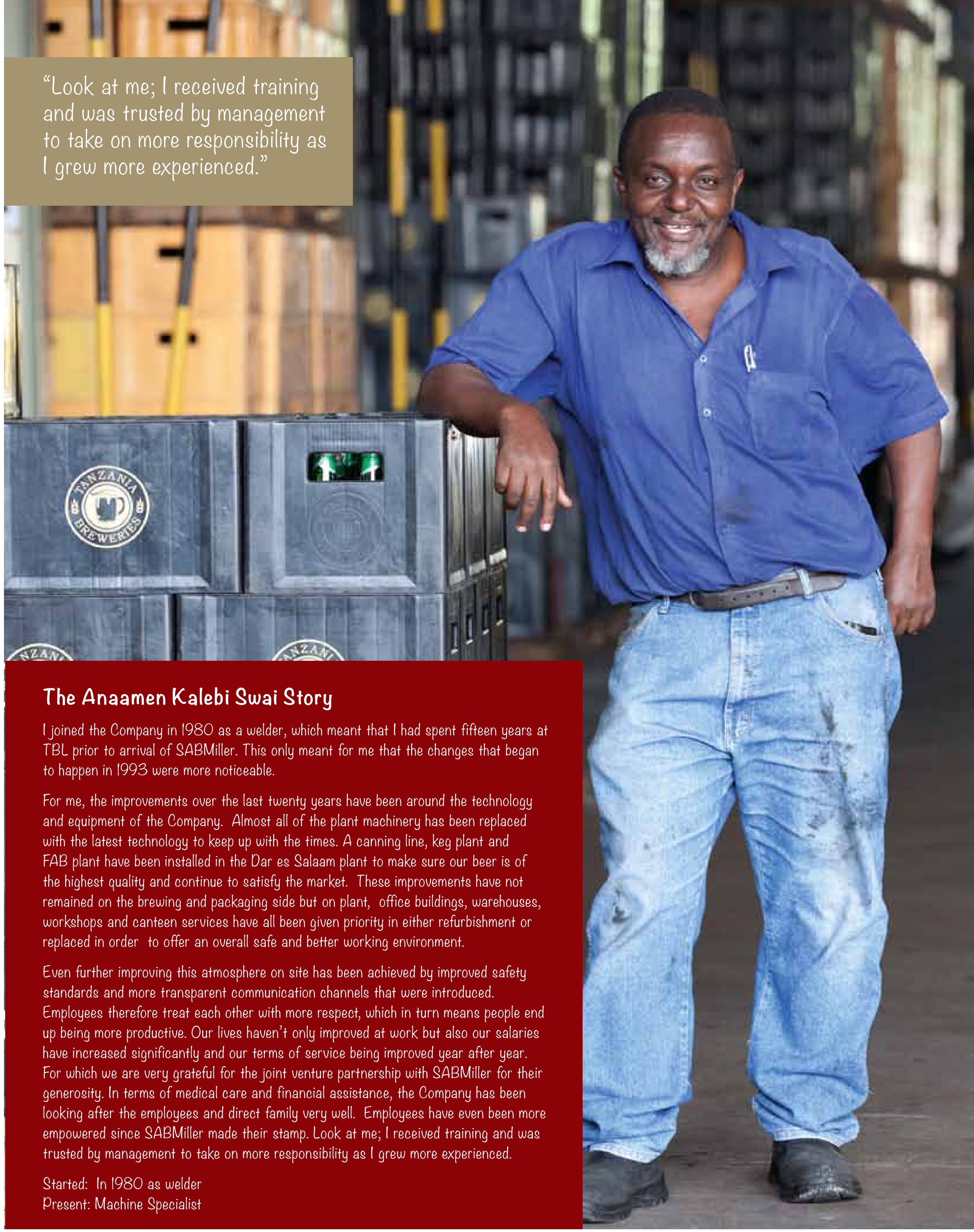
	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
		TShs'M	TShs'M	TShs'M	TShs'M	TShs'M
COMPANY						
Year ended 31 March 2012						
Balance at 1 April 2011		29,493	45,346	-	230,306	**305,145**
Comprehensive income						
Profit for the year		-	-	-	158,235	**158,235**
Transactions with owners						
Dividends to equity holders of the company	14	-	-	-	(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**
Year ended 31 March 2013						
Balance at 1 April 2012		29,493	45,346	(12,209)	329,555	**392,185**
Comprehensive income						
Profit for the year		-	-	-	163,021	**163,021**
Cash flow hedge fair value losses (net)	23	-	-	(916)	-	**(916)**
Total comprehensive income		-	-	(916)	163,021	162,105
Transactions with owners						
Dividends to equity holders of the company	14	-	-	-	(88,479)	**(88,479)**
Repayment of loan investment	23	-	-	9	-	**9**
Balance at 31 March 2013		**29,493**	**45,346**	**(13,116)**	**404,097**	**465,820**

Financial Statements

For the year ended 31 March 2013

Statements of Cash Flows

	Notes	Group 2013 Tshs'M	Group 2012 Tshs'M	Company 2013 Tshs'M	Company 2012 Tshs'M
Cash flows from operating activities					
Cash generated from operations	33(i)	**294,382**	220,576	**248,588**	176,457
Interest paid	33(ii)	**(8,721)**	(8,475)	**(8,721)**	(8,475)
Income tax paid	33(iii)	**(69,917)**	(68,045)	**(57,098)**	(58,475)
Net cash inflow from operating activities		**215,744**	144,056	**182,769**	109,507
Cash flows from investing activities					
Purchase of property, plant and equipment		**(102,209)**	(99,290)	**(96,890)**	(90,745)
Purchase of intangible assets	16	**(518)**	(597)	**(518)**	(597)
Dividend income received		**-**	-	**13,954**	13,709
Interest received	33(iv)	**5,597**	6,341	**8,814**	8,598
Purchase of Subsidiary	32	**(8,816)**	-	**(8,816)**	-
Cash acquired with subsidiary	32	**57**	-	**-**	-
Proceeds from disposal of property, plant and equipment		**1,071**	17,198	**1,050**	16,996
Net cash used in investing activities		**(104,818)**	(76,348)	**(82,406)**	(52,039)
Cash flows from financing activities					
Dividends paid to Company shareholders	33(v)	**(145,566)**	(831)	**(145,566)**	(831)
Dividends paid to non controlling interests	33(v)	**(7,514)**	(7,382)	**-**	-
Repayments of bank borrowings		**(10,343)**	(10,244)	**(10,343)**	(10,244)
Purchase of own shares	23	**9**	(12,209)	**9**	(12,209)
Net cash utilised in financing activities		**(163,414)**	(30,666)	**(155,900)**	(23,284)
Net increase in cash and cash equivalents		**(52,488)**	37,042	**(55,537)**	34,184
Cash and cash equivalents at the start of year		**92,901**	50,975	**89,059**	49,868
Exchange (loss)/gain on cash and cash equivalent		**(5,862)**	4,884	**(6,348)**	5,007
Cash and cash equivalents at the end of year	21	**34,551**	92,901	**27,174**	89,059



"Look at me; I received training and was trusted by management to take on more responsibility as I grew more experienced."

The Anaamen Kalebi Swai Story

I joined the Company in 1980 as a welder, which meant that I had spent fifteen years at TBL prior to arrival of SABMiller. This only meant for me that the changes that began to happen in 1993 were more noticeable.

For me, the improvements over the last twenty years have been around the technology and equipment of the Company. Almost all of the plant machinery has been replaced with the latest technology to keep up with the times. A canning line, keg plant and FAB plant have been installed in the Dar es Salaam plant to make sure our beer is of the highest quality and continue to satisfy the market. These improvements have not remained on the brewing and packaging side but on plant, office buildings, warehouses, workshops and canteen services have all been given priority in either refurbishment or replaced in order to offer an overall safe and better working environment.

Even further improving this atmosphere on site has been achieved by improved safety standards and more transparent communication channels that were introduced. Employees therefore treat each other with more respect, which in turn means people end up being more productive. Our lives haven't only improved at work but also our salaries have increased significantly and our terms of service being improved year after year. For which we are very grateful for the joint venture partnership with SABMiller for their generosity. In terms of medical care and financial assistance, the Company has been looking after the employees and direct family very well. Employees have even been more empowered since SABMiller made their stamp. Look at me; I received training and was trusted by management to take on more responsibility as I grew more experienced.

Started: In 1980 as welder
Present: Machine Specialist

2004 – TBL celebrates a decade of partnership with SABMiller with a portfolio of fifteen brands and 98% share of the market.

2005 – *Launch of Miller Genuine Draft in February.*

2006 – Launch of the Kilimanjaro Premium Lager returnable long neck bottle.

2007 – Eagle Lager launched in May.

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Notes to the Financial Statements

For the year ended 31 March 2013

Notes

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

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 January 2012 that would be expected to have a material impact on the Group and the Company.

(ii) New standards and interpretations that are not yet effective and have not been early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company and the Group, except the following:

(ii) New standards and interpretations that are not yet effective and have not been early adopted

Amendment to IAS 1, 'Presentation of Financial Statements' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendment is effective for periods beginning on or after 1 July 2012.

IFRS 13, 'Fair value measurement', 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 IFRSs. The requirements, which are largely aligned between IFRSs

Notes (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) New standards and interpretations that are not yet effective and have not been early adopted (continued)

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 IFRSs or USGAAP. The standard is effective for periods beginning on or after 1 January 2013.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate 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 the income statement, unless this creates an accounting mismatch. The directors are yet to assess IFRS 9's full impact and intend to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The directors will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

IFRS 10, Consolidated financial statements', 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. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The directors are yet to assess IFRS 10's full impact and intend to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

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

(b) Consolidation

(i) Subsidiaries

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

Acquisition-related costs are expensed as incurred

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is measured to fair value at the acquisition date through statement of profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

Notes (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

(i) Subsidiaries (continued)

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

Inter-Company 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 is recorded in profit or loss. Purchases from non-controlling interests result in goodwill, being the difference between any considerations 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 reportingprovided 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 boardthat makes strategic decisions.

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into Tanzania Shillings using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at the statement of financial position date, which are expressed in foreign currencies, are translated into Tanzania Shillings at rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised inprofit orloss.

(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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or Company and the cost of the item can be reliably measured.

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

Notes (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

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

Buildings	Shorter of the lease term or 50 years
Plant and machinery	10 – 15 years
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 cost of containers off over the course of their economic life estimated to be 3 - 5 years. The excess over deposit value is written down over a period of 3 - 5 years. Provisions are made against the deposit value for breakages and losses in trade.

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

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

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

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

(f) Intangible assets

(i) Goodwill

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

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

(ii) Software

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

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

Notes (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets (continued)

(ii) Software (continued)

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

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

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

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

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

(iii) Brands

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

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

(g) Impairment of assets

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

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

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

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

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

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

Notes (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of assets (continued)

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

(h) Investments in subsidiaries

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

(i) Inventories

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

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

Net realisablevalue is based on estimated selling price in an open market less further costs expected to be incurred to completion and disposal.

(j) Deposits by customers

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

(k) Trade receivables

Trade receivables are 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 profit or loss.

(l) Cash and cash equivalents

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

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

(m) Share capital

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

Notes (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

(o) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. 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

(p) Provisions

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

(q) Income tax

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

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(r) Operating leases

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

Notes (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Operating leases (continued)

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

(s) Employee benefits

(i) Bonus plans

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

(ii) Defined contribution plan

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

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

(t) Earnings per share

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

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

(u) Dividends distribution

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

(v) Revenue recognition

(i) Sale of goods

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. Risks and rewards are deemed to have substantially transferred once goods leave the relevant TBL Group's warehouse or depot, based on a customer's order.

Notes (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue recognition (continued)

(i) 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 recognised as a separate item on invoices. Increases in excise duties are not always directly passed on to customers, and the Group and Company cannot reclaim the excise duties where customers do not pay for product received. The Group and Company, therefore, consider excise duties as a cost to the entity and reflect it as a production cost. Consequently any excise duties that is recovered in the sale price is included in revenue.

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

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

(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.

(w) Borrowings

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

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

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

(x) 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.

For the year ended 31 March 2013

Notes (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

(y) Derivative financial instruments – hedge accounting

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

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the hedging relationship.
In order to qualify for hedge accounting, the group is required to document at inception, the relationship between the hedged item and the hedging instrument as well as its risk management objectives and strategy for undertaking hedging transactions. The group is also required to document and demonstrate that the relationship between the hedged item and the hedging instrument will be highly effective. This effectiveness test is reperformed at each period end to ensure that the hedge has remained and will continue to remain highly effective.

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

Cash flow hedges

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

(z) Comparatives

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

"Nowhere else in Tanzania have I seen state of the art laboratories quite like ours in Dar es Salaam and Mbeya."

Marietha Mazula

I joined Tanzania Breweries Limited in 1981. Back then I worked in the Quality Department as a chemist in the laboratory, then I worked at the head office in the Production Controller's office in the early 90s. In 2001 I was nominated to be a Group Quality Assurance Manager, which is the position I'm currently in. I also oversee the manufacturing process at the plants.

There are differences at various levels now compared to back then. Before the venture, the breweries in Arusha, Dar es Salaam and the packaging plant in Moshi were just bare structures with old machinery.
Now we've got modern brewing and packaging plants and the structures themselves are quite advanced, mostly due to systems put into place.

Our main focus became to ensure that the raw materials coming into the business were of good quality, and to ensure that the processes in the laboratory were well in control to get a good quality product. We did physical inspections and tests at the supplier's level until we were able to establish an acceptable standard of quality that the supplier could aspire to and ultimately give us the ability to produce goods worthy of export.
We have really good laboratories now. Nowhere else in Tanzania have I seen state of the art laboratories quite like ours in Dar es Salaam and Mbeya. Each year we look to stretch our targets and with time see improvements in the quality of our products, earning our beers and our plants more and more success as well as awards in excellence.

Started: 1981 as a chemist in the quality department.
Present: The Group Quality Assurance Manager at Tanzania Breweries Limited

2008

Record high of malt production - 9,700 tons.

Launch of 'Project SAIDIANA' to support local farmers to grow barely for Tanzania Breweries Limited

2009

Launch of the Safari Lager returnable long neck bottle.

First EVER Tanzanian beer launched in green bottle and gold foil - Ndovu Special Malt.

Eagle Dark Lager launched in November.

"Jiwe la Msingi" (Commission of Mbeya Brewery) November.

Notes (continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

(i) Income tax

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

(ii) Business combination

On the acquisition of a Company or business, a determination of the fair value and the useful life of intangible assets acquired is performed, which requires the application of management judgement. Future events could cause the assumptions used by the Group to change which would have a significant impact on the results and net position of the Group.The carrying amount of intangible assets (brand) acquired by the Group on business combination would be estimated at TShs 229 million higher or TShs 214 million lower were the future volume and revenue growth rates to differ by 10% from management's estimates. The carrying amount of intangible assets acquired by the Group on business combination would be estimated at TShs 121 million higher or TShs 104 million lower should the future long term growth rate differ by 100 basis points from management's estimates.

4. FINANCIAL RISK MANAGEMENT

4.1. Financial risk factors

The Group's and Company'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 minimise 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 inprofit or loss and statement of financial position.

Notes (continued)

4. FINANCIAL RISK MANAGEMENT (continued)

4.1. Financial risk factors (continued)

(i) Foreign exchange risk (continued)

GROUP	Exposure in ZAR	Exposure in US$	Exposure in Euro	Total exposure
31 March 2013	**TShs`M**	**TShs`M**	**TShs`M**	**TShs`M**
Financial assets/(liabilities)				
Cash and cash equivalents	32	2,019	3,775	5,826
Trade and other payables	(364)	(4,075)	(4,247)	(8,686)
Net monetary assets/ (liabilities)	**(332)**	**(2,056)**	**472**	**(2,860)**
31 March 2012				
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)**

COMPANY				
31 March 2013	**TShs`M**	**TShs`M**	**TShs`M**	**TShs`M**
Financial assets/(liabilities)				
Cash and cash equivalents	-	3,425	1,130	4,555
Trade and other payables	(364)	(3,667)	(3,822)	(7,853)
Net monetary assets/ (liabilities)	**(364)**	**(242)**	**(2,692)**	**(3,298)**
31 March 2012				
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)**

At 31 March 2013, if the Tanzania shilling (TShs) had weakened/strengthened by 10% (2012: 10%) against the US Dollar with all other variables held constant, Group's post-tax profit for the year would have been higher or lower by TShs 232 million (2012: TShs 251 million) and the Company's post-tax profit for the year by TShs 42 million (2012: TShs 140 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 2013, if the Tanzania shilling (TShs) had weakened/strengthened by 10% (2012: 10%) against the Euro with all other variables held constant, Group's post-tax profit for the year would have been higher/lower by TShs 53 million (2012: TShs 593 million) and Company's post-tax profit for the year by TShs 98 million (2012: TShs 603 million), mainly as a result of foreign exchange gains/ losses on translation of Euro-denominated cash and cash equivalents and trade and other payables.

At 31 March 2013, if the Tanzania shilling (TShs) had weakened/strengthened by 10% (2012: 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 higher or lower by TShs 35million (2012: TShs 560 million), mainly as a result of foreign exchange losses/gains on translation of SA Rand-denominated cash and cash equivalents and trade and other payables.

Notes (continued)

4. FINANCIAL RISK MANAGEMENT (continued)

4.1. Financial risk factors (continued)

(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 2013, an increase/decrease of 100 basis points (2012:100 basis points) would have resulted in a decrease/increase in post-tax profit of the Group and Company of TShs 130 million (2012: TShs 271 million).

(iii) Price Risk Disclosures

The Group and Company exposure to price risk considered negligible both to the Group and Company. The Group and Company are not exposed to derivative 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 parameters 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 a strong financial standing. The Group manages the risk by banking with financial institutions assessed as financially strong. Management does not believe there is a significant risk of non-performance by these counterparties.

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

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

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Trade receivables and other receivables				
Counterparties without external credit rating:				
Group 1 – New customers	**860**	142	**839**	68
Group 2 – Existing customers with no defaults in the past	**47,619**	28,223	**36,859**	25,410
Other receivables (excluding advance to suppliers and prepayments)	**16,171**	9,003	**38,382**	34,221
	64,650	37,368	**76,080**	59,699
Cash at bank and short term bank deposits	49,264	100,344	41,975	96,584

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

Notes (continued)

4. FINANCIAL RISK MANAGEMENT (continued)

4.1. Financial risk factors (continued)

Credit risk (continued)

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 receivable balances are net of these cash deposits and bank guarantee balances.

Collateral held comprises:	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Cash security	21,263	14,703	19,766	13,737
Bank guarantees	13,739	10,921	11,779	9,821
	35,002	25,624	31,545	23,558

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

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Past due but not impaired:				
- by up to 30 days	**1,507**	832	**575**	545
- by 31 to 60 days	**1,209**	394	**1,086**	238
- by over 60 days	**1,948**	2,136	**1,871**	1,871
Total past due but not impaired	**4,664**	3,362	**3,532**	2,654
Trade receivables individually determined to be impaired:				
Carrying amount before provision for impairment loss	**1,511**	1,311	**1,082**	1,046
Provision for impairment loss	**(1,511)**	(1,310)	**(1,082)**	(1,045)
Net carrying amount	**-**	1	**-**	1

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.

Notes (continued)

4. FINANCIAL RISK MANAGEMENT (continued)

4.1. Financial risk factors (continued)

Liquidity risk (continued)

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

	31 March 2013		31 March 2012	
Name of bank	**Credit limit TShs'M**	**Utilised TShs'M**	Credit limit TShs'M	Utilised TShs'M
Group				
Stanbic Bank Tanzania Limited	**9,050**	**-**	9,050	-
Standard Chartered Bank Tanzania Limited	**30,000**	**7,647**	30,000	-
Citibank Tanzania Limited	**48,750**	**4**	48,750	3,139
National Bank of Commerce Limited	**11,000**	**-**	21,000	3,333
CRDB Bank Plc	**25,000**	**7,240**	25,000	4,469
National Microfinance Bank Plc	**30,000**	**-**	30,405	7,010
	153,800	**14,891**	164,205	17,951
Company				
Stanbic Bank Tanzania Limited	**9,050**	**-**	9,050	-
Standard Chartered Bank Tanzania Limited	**30,000**	**7,647**	30,000	-
Citibank Tanzania Limited	**48,750**	**4**	48,750	3,139
National Bank of Commerce Limited	**11,000**	**-**	21,000	3,333
CRDB Bank Plc	**25,000**	**7,240**	25,000	4,469
National Microfinance Bank Plc	**30,000**	**-**	30,405	7,010
	153,800	**14,891**	164,205	17,951

The table below analyses the group's non derivative 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 statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	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				
Non derivative financial liabilities				
Borrowings and interest on borrowings	**59,264**	1,968	**59,264**	1,968
Trade and other payables	**101,087**	-	**88,280**	-
Derivative financial liabilities				
Cash flow hedges(net cashflow)	**40,175**	-	**34,612**	-
At 31 March 2011				
Non derivative financial liabilities				
Borrowings and interest on borrowings	**34,062**	-	**34,062**	-
Trade and other payables	**57,911**	-	**51,688**	-
Derivative financial liabilities				
Forward contracts (net cash flow)	**94,732**	-	**94,732**	-

Notes (continued)

4. FINANCIAL RISK MANAGEMENT (continued)

4.2. Capital management

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

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

During the year ended 31 March 2013 the Group's and Company's strategy, which was unchanged from the prior year, was to maintain a gearing ratio of below 60%. The gearing ratios at 31 March 2013 and 2012 were as follows:

	Note	2013	2012
Group		**TShs'M**	**TShs'M**
Total borrowings	25	**73,599**	76,865
Less: cash at bank and in hand	21	**(49,442)**	(100,509)
Net debt		**24,157**	(23,644)
Total equity		**487,602**	405,110
Total capital		**511,759**	381,466
Gearing ratio		**5%**	(6%)
Company			
Total borrowings	25	**73,599**	76,865
Less: cash at bank and in hand	21	**(42,065)**	(96,667)
Net debt		**31,534**	(19,802)
Total equity		**465,820**	392,185
Total capital		**497,354**	372,383
Gearing ratio		**7%**	(5%)

Notes (continued)

5. BUSINESS SEGMENTS INFORMATION

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

The operating board of directors considers the business from market and product perspectives. Market wise, management considers the main lines through which the Group derives its revenue. Costs relating to the general group management are shared between the Company and its subsidiaries based on agreed management fees. The Group is currently organised into two main operating divisions; – Clear Beer and Wines and Spirits. The segment information provided by management for the reportable segments for the year ended 31 March 2013 and 31 March 2012 is as follows:

Segmental statement of profit or loss	Clear Beer	Wines & Spirits	(Eliminations)/ consolidation	Total Group
2013	**TShs'M**	**TShs'M**	**TShs'M**	**TShs'M**
Revenue				
Exports	4,722	1,481	-	6,203
Local	725,253	160,561	-	885,814
Total revenue from external customers	**729,975**	**162,042**	**-**	**892,017**
Operating profit	234,101	42,938	(13,847)	263,192
Finance cost (net)	(6,649)	(2,730)	-	(9,379)
Profit before tax	227,452	40,208	(13,847)	253,813
Income tax expense	64,343	12,342	-	76,685
Profit for the year	**163,109**	**27,866**	**(13,847)**	**177,128**
Depreciation amortisation and breakages	**37,448**	**1,286**	**-**	**38,734**
Segment assets, liabilities and capital expenditure				
Assets				
Investments	53,924	-	(53,836)	88
Other non-current assets	407,366	19,518	49,121	476,005
Current assets	242,130	26,683	(6,566)	262,247
	703,420	**46,201**	**(11,281)**	**738,340**
Liabilities and equity				
Current liabilities	189,959	22,610	(5,568)	207,001
Non current liabilities	42,861	876	-	43,737
Owner's equity	470,600	22,715	(16,396)	476,919
Non controlling interest	-	-	10,683	10,683
	703,420	**46,201**	**(11,281)**	**738,340**
Capital expenditure				
Property, plant and equipment	95,314	7,369	-	102,683
Intangible assets	518	-	-	518
	95,832	**7,369**	**-**	**103,201**

Notes (continued)

5. BUSINESS SEGMENTS INFORMATION (continued)

Segment cash flows	Clear Beer	Wines & Spirits	Eliminations	Total Group
2013	**TShs'M**	**TShs'M**	**TShs'M**	**TShs'M**
From operating activities	182,769	19,021	13,954	215,744
From investing activities	(82,406)	(8,458)	(13,954)	(104,818)
From financing activities	(155,900)	(7,514)	-	(163,414)
Net decrease in cash and cash equivalents	(55,537)	3,049	-	(52,488)
Cash and cash equivalent at the beginning of the year	89,059	3,842	-	92,901
Exchange gain/(loss) on cash and cash equivalents	(6,348)	486	-	(5,862)
Cash and cash equivalents at the end of the year	**27,174**	**7,377**	**-**	**34,551**

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
Finance cost (net)	1,197	(2,257)	-	(1,060)
Profit before tax	220,324	31,428	(13,524)	238,228
Income tax expense	(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**

Notes (continued)

5. BUSINESS SEGMENTS INFORMATION (continued)

Segment assets, liabilities and capital expenditure	Clear Beer	Wines & Spirits	(Eliminations)/ consolidation	Total Group
2012	**TShs'M**	**TShs'M**	**TShs'M**	**TShs'M**
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**	**(14,169)**	**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**

Segment cash flows	Clear Beer	Wines & Spirits	Eliminations	Total Group
2012	**TShs'M**	**TShs'M**	**TShs'M**	**TShs'M**
From operating activities	109,507	20,840	13,709	144,056
From investing activities	(52,039)	(10,600)	(13,709)	(76,348)
From financing activities	(23,284)	(7,382)	-	(30,666)
Net increase in cash and cash equivalents	34,184	2,858	-	37,042
Cash and cash equivalent at the beginning of the year	49,868	1,107	-	50,975
Exchange gain/(loss) on cash and cash equivalents	5,007	(123)	-	4,884
Cash and cash equivalents at the end of the year	**89,059**	**3,842**	**-**	**92,901**

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

Notes (continued)

6. REVENUE

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Sale of goods – Local	**885,814**	795,992	**724,941**	671,046
Sale of goods – Export	**6,203**	4,956	**4,722**	4,219
	892,017	800,948	**729,663**	675,265

7. EXPENSES BY NATURE

	Group 2013	Group 2012	Company 2013	Company 2012
Excise duty	**182,290**	157,184	**135,674**	124,152
Raw materials used	**186,476**	182,249	**142,315**	144,487
Transport and vehicle running costs	**39,735**	37,844	**34,778**	34,116
Depreciation and amortisation	**32,995**	27,210	**31,698**	26,475
Royalties	**16,272**	13,313	**16,011**	13,239
Impairment loss – receivables(Note 20)	**279**	311	**37**	139
Employee benefits expense (Note 8)	**59,431**	51,837	**53,191**	47,280
Advertising and promotion costs	**48,755**	37,754	**42,925**	33,560
Office running expenses	**9,658**	8,856	**9,240**	8,140
Operating lease rentals	**7,296**	6,137	**5,610**	4,896
Operating costs	**10,140**	8,909	**8,839**	7,826
Maintenance	**12,538**	14,103	**11,407**	13,133
Managerial, technical and administrative fees	**23,247**	20,229	**21,087**	19,026
Auditorsremuneration- audit services	**279**	226	**200**	166
Auditors remuneration- non audit services	**28**	330	**28**	337
	629,419	566,492	**513,040**	476,972
Classified as follows:				
Cost of sales	**449,827**	407,575	**349,898**	333,435
Selling and distribution costs	**126,719**	109,856	**117,427**	100,984
Administrative expenses	**52,873**	49,061	**45,715**	42,553
	629,419	566,492	**513,040**	476,972

8. EMPLOYEE BENEFITS COSTS

	Group 2013	Group 2012	Company 2013	Company 2012
The following items are included within employee benefits expense				
- Wages, salaries and other benefits	**56,340**	49,224	**50,485**	44,990
- Pension costs (defined contribution plans)	**3,091**	2,613	**2,706**	2,290
	59,431	51,837	**53,191**	47,280

Notes (continued)

9. OTHER (EXPENSES)/ INCOME

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Loss on disposal of property, plant and equipment	**(1,909)**	(489)	**(1,969)**	(473)
Dividend income	**-**	-	**13,954**	13,709
Management fees	**-**	-	**2,971**	2,324
Foreign exchange (loss)/gain	**(2,139)**	2,098	**(1,883)**	2,474
Sundry income	**245**	5,400	**(106)**	4,977
	(3,803)	7,009	**12,967**	23,011

10. DERIVATIVE INCOME/ (LOSSES)

Fair value (loss)/gain on derivatives	**4,397**	(2,177)	**4,397**	(2,177)

The notional liability at year-end amounted to TShs 40,175 m (2012: TShs 94,732 m)

11. FINANCE INCOME AND COSTS

Finance income				
Interest income on bank balances	**4,998**	7,277	**4,998**	7,277
Interest income on current account with subsidiary	**-**	-	**3,217**	2,257
Total finance income	**4,998**	7,277	**8,215**	9,534
Finance costs				
Interest expense on borrowings	**(8,515)**	(8,337)	**(8,515)**	(8,337)
Foreign exchange (loss)/gain	**(5,862)**	-	**(6,349)**	-
Total finance cost	**(14,377)**	(8,337)	**(14,864)**	(8,337)

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

Notes (continued)

12. INCOME TAX EXPENSE (continued)

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

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Profit before income tax	**253,813**	238,228	**227,338**	220,324
Tax calculated at a rate of 30% (2012: 30%)	**76,144**	71,469	**68,201**	66,097
Income not subject to tax	**-**	(209)	**(4,186)**	(4,223)
Expenses not deductible for tax purposes	**351**	659	**281**	320
Adjustment to tax in respect of prior periods	**224**	(106)	**221**	(105)
Utilisation of previous unrecognised accumulated losses	**(34)**	-	**-**	-
Other	**-**	-	**(200)**	-
Income tax expense	**76,685**	71,813	**64,317**	62,089

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.

	2013	2012
Group		
Net profit attributable to shareholders (Tshs'000)	**167,344,293**	158,722,281
Outstanding shares in issue (000's) Note 22	**294,928**	294,928
Less: Weighted average number of treasury shares (000's)	**(5,899)**	(2,458)
Weighted average number of share in issue excluding treasury shares (000's)	**289,029**	292,470
Basic earnings per share (TShs per share)	**579.1**	542.7

Notes to the Financial Statements

For the year ended 31 March 2013

Notes (continued)

13. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

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

	2013	2012
Group		
Net profit attributable to shareholders (TShs'000)	**167,344,293**	158,722,281
Weighted average number of shares for diluted earnings per share (000's)	**294,928**	294,928
Diluted earnings per share (TShs per share)	**567.4**	538.2

14. DIVIDENDS

	Company	Non-controlling interest	Group	Dividend per share
2013	**TShs'M**	**TShs'M**	**TShs'M**	**TShs/ Share**
First interim dividend	44,240	3,757	**47,997**	150
Second interim dividend	44,239	3,757	**47,996**	150
Total dividend	88,479	7,514	**95,993**	300
2012				
First interim dividend	-	-	**-**	-
Second interim dividend	58,986	7,382	**66,368**	200
Total dividend	58,986	7,382	**66,368**	200

Dividend of TShs 300 per share amounting to TShs 88,479 million was approved by the board of directors of the Company and paid during the year.

"It is always gratifying to look back at the end of the year and see the Company growing in terms of revenue, in profits, in dividends to our shareholders and most important to the Government and to the welfare of the employees."

Phocus Lasway

I joined Tanzania Breweries as the Planning Manager in 1977 after working at the then National Development Corporation. Being an economist, I was involved in the budgeting for the Company and preparing the feasibility reports on the Company. We had a change of management in 1992 when Mr. Arnold Kilewo was appointed to head TBL. Being a very dynamic person with vast experience in management, he saw the opportunity of taking the Company to great heights. He was able to convince the government that we had to find a partner as the amount of investment that was required to put TBL to its proper position was too much for the Government to go it alone. Many companies put in bids but we preferred a Company that was in the business of brewing and not only in business because we wanted TBL to remain and grow as a leading beverage Company in Tanzania. In November 1993 we signed with SABMiller and got right to business. At the time of SABMiller taking over, TBL had a market share of less than 35%, most of the market being dominated with imports from every corner of this globe. In twenty years TBL has managed to grow its market share to above 70%.

I recall at that time the Company had 3000 people to run two facilities, a very small Bottling Plant at Moshi, a Malting Plant and numerous numbers of depots in almost every region. Within 3 years the number of employees had been brought down to 1314 because of new technology, new approaches of doing business in spite of addition of a third brewery at Mwanza and increased volumes. These huge changes in the whole system, new investments, introduction of control systems and shedding off of unnecessary costs, found ourselves going back into profit and paying dividends. With the increase in production we have seen more brands being introduced, bars being opened, distributing companies coming up and the supply chain expanding. More and more of the Company raw materials are now being sourced locally, employment both direct and indirect being created and pleasingly revenue to the Government in terms of taxes growing, making TBL the leading taxpayer in the country for the past six years continuously.

It is always gratifying to look back at the end of the year and see the Company growing in terms of revenue, in profits, in dividends to our shareholders and most important to the Government and to the welfare of the employees. The management of TBL is very proud of these great achievements.

Started: 1977 as the Planning Manager
Present: Consultant Special Projects

2010

Safari Sparkling Water - Tanzania's FIRST sparkling water introduced

Launch of Castle Lite in February.

'No Water No Life' - Official launch of programme to facilitate access of clean and safe water to communities and institutions.

2011

TBL reaches nearly 3m hectoliters

For the year ended 31 March 2013

Notes (continued)

15. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings	Plant and machinery	Furniture, equipment and vehicles	Containers	Capital work in progress	Total
	TShs'M	TShs'M	TShs'M	TShs'M	TShs'M	TShs'M
At 31 March 2012						
Cost	67,742	304,334	60,508	57,663	46,452	536,699
Accumulated depreciation	(17,619)	(99,895)	(30,777)	(25,110)	-	(173,401)
Net book value	**50,123**	**204,439**	**29,731**	**32,553**	**46,452**	**363,298**
Year ended 31 March 2013						
Opening net book value	50,123	204,439	29,731	32,553	46,452	363,298
Additions	-	-	-	-	102,683	102,683
Disposals	-	(520)	(19)	(2,441)	-	(2,980)
Acquisition of Subsidiary (note 32)	2,317	612	352	105	-	3,386
Transfers	2,658	50,573	6,264	29,226	(88,721)	0
Breakages and other losses	-	-	-	(5,739)	-	(5,739)
Container write-down	-	-	-	(2,646)	-	(2,646)
Depreciation charge for the year	(3,205)	(17,417)	(7,256)	(4,444)	-	(32,322)
Closing net book value	**51,893**	**237,687**	**29,072**	**46,614**	**60,414**	**425,680**
At 31 March 2013						
Cost	72,717	353,562	67,105	76,166	60,414	629,964
Accumulated depreciation	(20,824)	(115,875)	(38,033)	(29,552)	-	(204,284)
Net book value	**51,893**	**237,687**	**29,072**	**46,614**	**60,414**	**425,680**

The Company's buildings, plant and machinery with net book value of TShs 276,154 million have been secured against borrowings as set out in Note 25 to the financial statements.

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

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

The Company's buildings, plant and machinery with net book value of TShs 244,486 million have been secured against borrowings as set out in Note 25 to the financial statements.

The capital work in progress amount mainly relates to the on-going capital projects of expansion of production facilities of the Company which are being undertaken Mbeya and Mwanza plants

For the year ended 31 March 2013

Notes (continued)

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Buildings	Plant and machinery	Furniture, equipment and vehicles	Containers	Capital work in progress	Total
	TShs'M	TShs'M	TShs'M	TShs'M	TShs'M	TShs'M
At 31 March 2012						
Cost	64,439	299,266	56,121	55,938	45,476	521,240
Accumulated depreciation	(16,750)	(102,467)	(28,748)	(23,494)	-	(171,459)
Net book value	**47,689**	**196,799**	**27,373**	**32,444**	**45,476**	**349,781**
Year ended 31 March 2013						
Opening net book value	47,689	196,799	27,373	32,444	45,476	349,781
Additions	-	-	-	-	95,314	95,314
Disposals	-	(512)	(4)	(2,503)	-	(3,019)
Transfers	2,514	49,524	5,819	29,176	(87,033)	-
Breakages and other losses	-	-	-	(5,714)	-	(5,714)
Container write-down	-	-	-	(2,646)	-	(2,646)
Depreciation charge for the year	(3,038)	(16,823)	(6,723)	(4,442)	-	(31,026)
Closing net book value	**47,165**	**228,988**	**26,465**	**46,315**	**53,757**	**402,690**
At 31 March 2013						
Cost	66,953	349,184	62,250	74,252	53,757	606,396
Accumulated depreciation	(19,788)	(120,196)	(35,785)	(27,937)	-	(203,706)
Net book value	**47,165**	**228,988**	**26,465**	**46,315**	**53,757**	**402,690**

The Company's buildings, plant and machinery with a net book value of TShs 276,154 million have been secured against borrowings as set out in Note 25 to the financial statements.

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

	Buildings	Plant and machinery	Furniture, equipment and vehicles	Containers	Capital work in progress	Total
	TShs'M	TShs'M	TShs'M	TShs'M	TShs'M	TShs'M
At 31 March 2011						
Cost	61,072	265,432	45,547	60,786	17,452	450,289
Accumulated depreciation	(13,840)	(86,159)	(23,167)	(20,682)	-	(143,848)
Net book value	**47,232**	**179,273**	**22,380**	**40,104**	**17,452**	**306,441**
Year ended 31 March 2012						
Opening net book value	47,232	179,273	22,380	40,104	17,452	306,441
Additions	-	-	-	-	91,401	91,401
Disposals	-	(492)	(11)	(16,966)	-	(17,469)
Transfers	3,367	32,673	10,481	16,856	(63,377)	-
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**	**32,444**	**45,476**	**349,781**
At 31 March 2012						
Cost	64,439	299,266	56,121	55,938	45,476	521,240
Accumulated depreciation	(16,750)	(102,467)	(28,748)	(23,494)	-	(171,459)
Net book value	**47,689**	**196,799**	**27,373**	**32,444**	**45,476**	**349,781**

The Company's buildings, plant and machinery have been secured against borrowings with net book value of TShs 244,486 million as set out in Note 25 to the financial statements. The capital work in progress amount mainly relates to the on-going capital projects of expansion of production facilities of the Company which are being undertaken in Mbeya and Mwanza plants

Notes (continued)

16. INTANGIBLE ASSETS

	Group				Company
	Goodwill TShs'M	Software TShs'M	Brand TShs'M	Total TShs'M	Software TShs'M
As at 31 March 2011					
Cost	42,339	2,785	-	45,124	2,785
Accumulated amortisation	(2,709)	(1,451)	-	(4,160)	(1,451)
Net book value	**39,630**	**1,334**	**-**	**40,964**	**1,334**
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	42,339	3,383	-	45,722	3,383
Accumulated amortisation	(2,709)	(2,070)		(4,779)	(2,070)
Net book value	**39,630**	**1,313**	**-**	**40,943**	**1,313**
Year ended 31 March 2013					
Opening net book value	39,630	1,313	-	40,943	1,313
Additions	-	518	-	518	518
Acquisition of subsidiary (note 32)	5,237	42	3,276	8,555	-
Amortisation charge	-	(673)	-	(673)	(673)
Closing net book value	**44,867**	**1,200**	**3,276**	**49,343**	**1,158**
At 31 March 2013					
Cost	47,576	3,943	3,276	54,795	3,901
Accumulated amortisation	(2,709)	(2,743)	-	(5,452)	(2,743)
Net book value	**44,867**	**1,200**	**3,276**	**49,343**	**1,158**

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 to which the goodwill relates. No impairment charge arose during the year (2012: nil).

The brand amounting to TShs 3,276 million arose from the acquisition of 60% shareholding in Darbrew Limited in March 2013. The value of the brand was determined by discounting the expected future cash in-flows relating to the sales activities of the brand. Goodwill arising from the acquisition is not considered to be impaired as the acquisition was done towards the year end.

Notes (continued)

17. INVESTMENTS

	Group		Company	
	2013 TShs'M	2012 TShs'M	2013 TShs'M	2012 TShs'M
(a) Investment in subsidiaries				
• Kibo Breweries Ltd	**-**	-	**42,414**	42,414
• DarBrew Limited	**-**	-	**8,816**	-
• Tanzania Distillers Ltd	**-**	-	**2,606**	2,606
	-	-	**53,836**	45,020
(b) Other investments				
• Kibo Breweries Ltd	**88**	88	**88**	88
	88	88	**53,924**	45,108

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

Set out below are the group's principal subsidiaries at 31 December 2012. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by group. The country of incorporation is also their principal place of business.

Name of undertaking	Nature of business	Country of incorporation	% of ownership held by NCI		% of issued shares held	
			2013	2012	2013	2012
Tanzania Distilleries Ltd	Manufacturer of spirituous liquor	Tanzania	**35%**	-	**65%**	65%
Darbrew Ltd	Manufacturer of Opaque beer	Tanzania	**40%**	-	**60%**	-
Mountainside Farms Ltd	Crop farming	Tanzania	**-**	-	**4%**	4%
Kibo Breweries Ltd	Rental of assets to related parties	Tanzania	**-**	-	**100%**	100%

In March 2013, the Company acquired 60% ordinary shares in Darbrew Limited. Details of the acquisitionhave been provided under note 32.

18. PREPAID LEASE

	Group		Company	
	2013 TShs'M	2012 TShs'M	2013 TShs'M	2012 TShs'M
At the start of the year	**993**	1,004	**-**	-
Less: current portion	**(11)**	(11)	**-**	-
Noncurrent portion at the end of the year	**982**	993	**-**	-

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.

Notes (continued)

19. INVENTORIES

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Raw materials	**49,340**	58,965	**38,090**	51,054
Consumable stores and spares	**52,403**	8,376	**50,645**	8,104
Work in progress	**10,187**	21,853	**10,325**	14,406
Finished goods	**20,077**	48,417	**8,493**	45,818
	132,007	137,611	**107,553**	119,382
Less: Provision for impairment losses	**(5,559)**	(9,752)	**(5,231)**	(9,312)
	126,448	127,859	**102,322**	110,070

The cost of inventories recognised as an expense and included in 'cost of sales' in the Group's profit or loss amounted to TShs 186,476 million (2012: TShs182,249million). Similarly, this amounts to TShs 142,315 million (2012: TShs 144,487 million) in the Company's statement of profit or loss and other comprehensive income.

Inventories of engineering spares amounting to TShs 45,231 million (2012: TShs 35,669 million) are carried at net realisable value, this being lower than cost. During 2013, TShs1,514 million (2012: TShs 1,715 million) was charged to the Company's statement ofprofit or lossand other comprehensive income for damaged, obsolete and lost inventories. Similarly, TShs 1,838 million (2012: TShs 2,136 million) were charged to the Group's statement of profit or loss and other comprehensive income for damages, obsolete and lost inventories.

There is no inventory pledged as security for liabilities (2012: Nil).

20. ACCOUNTS RECEIVABLE

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Trade receivables	**49,990**	29,675	**38,780**	26,523
Less: Provision for impairment losses	**(1,511)**	(1,310)	**(1,082)**	(1,045)
Trade receivables-net	**48,479**	28,365	**37,698**	25,478
Advances to suppliers	**10,441**	9,377	**10,441**	9,377
Staff advances and loans	**1,425**	1,425	**1,118**	1,145
Due from related parties (Note 34 (iv))	**7,407**	2,394	**34,355**	19,541
Other receivables	**7,339**	5,184	**2,639**	13,535
Prepayments	**11,266**	8,385	**8,331**	4,254
	86,357	55,130	**94,582**	73,330

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

At start of year	**(1,310)**	(1,023)	**(1,045)**	(930)
Provision in the year	**(279)**	(311)	**(37)**	(139)
Utilised during the year	**78**	24	**-**	24
At end of year	**(1,511)**	(1,310)	**(1,082)**	(1,045)

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

Notes (continued)

21. BANK AND CASH BALANCES

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Cash in hand	**178**	165	**90**	83
Cash at bank	**49,264**	100,344	**41,975**	96,584
Total cash and bank balances	**49,442**	100,509	**42,065**	96,667

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

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Cash and bank balances	**49,442**	100,509	**42,065**	96,667
Bank overdrafts (Note 25)	**(14,891)**	(7,608)	**(14,891)**	(7,608)
Net cash and cash equivalents	**34,551**	92,901	**27,174**	89,059

22. SHARE CAPITAL

22.1 ORDINARY SHARE CAPITAL

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Authorised, issued and fully paid: 294,928,463 ordinary shares of TShs 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
	2013	2012	**2013**	2012
Resident shareholders:				
The Government of the United Republic of Tanzania	**11,797,139**	11,797,139	**4.00**	4.00
Unit Trust of Tanzania	**13,239,696**	13,239,696	**4.49**	4.49
Public Service Pension Fund	**9,020,547**	9,020,547	**3.06**	3.06
Parastatal Pension Fund	**12,874,030**	12,874,030	**4.37**	4.37
National Social Security Fund	**9,977,436**	9,977,436	**3.38**	3.38
General Public	**44,605,529**	44,605,529	**15.12**	15.12
Total resident	**101,514,377**	101,514,377	**34.42**	34.42
Non-resident shareholders:				
SABMiller Africa BV	**169,701,838**	169,701,838	**57.54**	57.54
Others – East African shareholders	**12,475,474**	12,475,474	**4.23**	4.23
International Finance Corporation (IFC)	**11,236,774**	11,236,774	**3.81**	3.81
Total non-resident	**193,414,086**	193,414,086	**65.58**	65.58
Total ordinary shares in issue	**294,928,463**	294,928,463	**100.00**	100.00

For the year ended 31 March 2013

Notes (continued)

23. OTHER RESERVES

Group	Non-controlling interest	Hedging reserves	Treasury shares	Group
		TShs'M	TShs'M	TShs'M
Year ended 31 March 2012				
At start of the year	-	-	-	-
Treasury shares purchased during the year	-	-	(12,209)	**(12,209)**
At start and end of the year	**-**	**-**	**(12,209)**	**(12,209)**
Year ended 31 March 2013				
At start of the year	-	-	(12,209)	**(12,209)**
Operating exchange loss during the year	(43)	(995)	-	**(995)**
Repayment of loan investment	-	-	9	**9**
At end of the year	**(43)**	**(995)**	**(12,200)**	**(13,195)**

Company	Hedging reserves	Treasury shares	Group
	TShs'M	TShs'M	TShs'M
Year ended 31 March 2012			
At start of the year	-	-	-
Treasury shares purchased during the year	-	(12,209)	**(12,209)**
At start and end of the year	**-**	**(12,209)**	**(12,209)**
Year ended 31 March 2013			
At start of the year	-	(12,209)	**(12,209)**
Operating exchange loss during the year	(916)	-	**(916)**
Repayment of loan investment	-	9	**9**
At end of the year	**(916)**	**(12,200)**	**(13,116)**

Treasury shares

In November 2011, 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. 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.

Hedging reserve

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

For the year ended 31 March 2013

Notes (continued)

24. NON-CONTROLLING INTEREST

	2013	2012
	TShs'M	TShs'M
35% of equity of Tanzania Distilleries Limited	**8,266**	6,070
40% of equity of Dar Brew Limited	**2,417**	-
	10,683	6,070
Movement during the year		
35% interest in the profit for the year of Tanzania Distilleries Limited	**9,753**	7,693
40% interest in the profit for the year of Dar Brew Limited	**31**	-
Non-controlling interest acquired with subsidiary (note 32)	**2,386**	-
Dividends paid to non-controlling interest (note 14)	**(7,514)**	(7,382)
35% interest on loss on cash flow hedge	**(43)**	-
Net movement accounted for in non-controlling interest account	**4,613**	311

The total non-controlling interest for the period is TShs 10,683 million, of which TShs 8,266 million is for Tanzania Distilleries Ltd and TShs 2,417 million is attributed to Dar Brew Limited.

25. BORROWINGS

	Group		Company	
	2013	2012	2013	2012
	TShs'M	TShs'M	TShs'M	TShs'M
Non-current				
National Microfinance Bank loan	**1,875**	5,625	**1,875**	5,625
Corporate bonds	**-**	52,100	**-**	52,100
	1,875	57,725	**1,875**	57,725
Current				
Bank overdrafts (Note 21)	**14,891**	7,608	**14,891**	7,608
Short term bank loans	**3,750**	10,343	**3,750**	10,343
Corporate bonds	**52,100**	-	**52,100**	-
Interest payable on borrowings	**983**	1,189	**983**	1,189
	71,724	19,140	**71,724**	19,140
Total borrowings	**73,599**	76,865	**73,599**	76,865

Notes (continued)

25. BORROWINGS (continued)

i) National Microfinance Bank (NMB) 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 12.74% (2012: 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 (2012: 48,550 million) carry fixed rates of interest whose effective interest rate during the year was 10.93% (2012: 10.93%). Bonds valued at TShs 3,550 million (2012: TShs 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.

iii) Bank overdrafts

Overdrafts are made up as follows:

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Citibank Tanzania Limited	**4**	3,139	**4**	3,139
CRDB Bank Plc	**7,240**	4,469	**7,240**	4,469
Standard Chartered Bank Tanzania Limited	**7,647**	-	**7,647**	-
	14,891	7,608	**14,891**	7,608

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

The overdraft facilities are annual facilities subject to review between August 2013 and February 2014.

iv) Short term Loans

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
National Microfinance Bank Plc	**-**	3,260	**-**	3,260
Current portion of NMB long-term loan	**3,750**	3,750	**3,750**	3,750
National Bank of Commerce Limited	**-**	3,333	**-**	3,333
	3,750	10,343	**3,750**	10,343

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

iv) Short term Loans (continued)

i) 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. This facility was repaid during the year.

ii) National Bank of Commerce Limited loan
The loan has a limit of TShs 10 billion (2012: TShs 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. This facility was repaid during the year.

Notes (continued)

26. DEFERRED INCOME TAX LIABILITIES

Deferred income taxes are calculated on temporary differences under the liability method using a principal tax rate of 30% (2012:30%).
The movement on the deferred income tax account is as follows:

Group

Deferred tax liabilities/(assets)	Plant Property and Equipment (PPE)	PPE (Capital deductions in dispute)	Provisions	Total
	TShs' M	TShs' M	TShs' M	TShs'M
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**
Charged to Profit and loss Account				
- Current year	5,866	(140)	695	**6,421**
- Prior periods	442	-	(566)	**(124)**
Deferred tax acquired on business combination (note 32)	-	-	1,156	**1,156**
At 31 March 2013	**44,079**	**974**	**(3,638)**	**41,415**

Company

Deferred tax liabilities/(assets)	Plant Property and Equipment (PPE)	PPE (Capital deductions in dispute)	Provisions	Total
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**
Charged to Profit and loss Account				
- Current year	5,866	(140)	695	**6,421**
- Prior periods	442	-	(566)	**(124)**
At 31 March 2013	**43,174**	**974**	**(4,766)**	**39,382**

27. PROVISIONS

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
At start of the year	**493**	274	**493**	274
Increase during the year	**-**	219	**-**	219
Provision utilized during the year	**(46)**	-	**(46)**	-
At end of the year	**447**	493	**447**	493

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 447 million (2012: TShs 493 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 31.

Notes (continued)

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Trade payables	**57,077**	21,243	**47,830**	16,933
Dividends payable	**3,437**	60,524	**3,437**	60,524
VAT payable	**10,055**	5,281	**8,689**	4,149
Excise duty payable	**18,363**	13,414	**14,147**	9,833
Payable to related parties (Note 34 (iv))	**12,961**	24,079	**14,997**	25,990
Container liability	**4,204**	3,727	**4,204**	3,727
Other payables andaccrued expenses	**19,031**	34,918	**15,485**	43,127
Capex accruals	**4,377**	3,903	**2,327**	3,903
	129,505	167,089	**111,116**	168,186

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

29. FINANCIAL INSTRUMENTS BY CATEGORY

(a) Group

At 31 March

	2013	2012
	Loans and receivables TShs'M	Loans and receivables TShs'M
Financial assets as per statement of financial position		
Trade and other receivables (excluding prepayments)	**64,650**	37,368
Cash at hand and bank deposits	**49,442**	100,509
	114,092	137,877

At 31 March

	Other financial liabilities at amortised cost TShs'M	Other financial liabilities at amortised cost TShs'M
Financial liabilities as per statement of financial position		
Borrowings	**73,599**	76,865
Trade and other payables (excluding advance to suppliers and statutory liabilities)	**101,087**	148,394
	174,686	225,259

Notes (continued)

29.FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

(b) Company

At 31 March

	2013	2012
	Loans and receivables TShs'M	Loans and receivables TShs'M
Financial assets as perstatement of financial position		
Trade and other receivables (excluding advances to suppliers and prepayments)	**70,238**	59,699
Cash at hand and bank deposits	**41,975**	96,667
	112,213	156,366

At 31 March

	Other financial liabilities at amortised cost TShs'M	Other financial liabilities at amortised cost TShs'M
Financial liabilities as per statement of financial position		
Borrowings	**73,599**	76,865
Trade and other payables (excluding advance to suppliers and statutory liabilities)	**88,280**	154,205
	161,879	231,070

30. COMMITMENTS

Capital commitments

As at 31 March 2013, the Group and Company had capital expenditure commitments as follows;

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Approved and contracted for but not recorded	**18,312**	5,224	**17,694**	4,987
Approved but not contracted for	**8,170**	15,198	**8,170**	14,385
	26,482	20,422	**25,864**	19,372

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

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

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Not later than 1 year	**1,354**	1,369	**1,354**	1,369
Later than 1 year and not later than 5 years	**-**	944	**-**	944
	1,354	2,313	**1,354**	2,313

Notes (continued)

31. CONTINGENT LIABILITIES

As at 31 March 2013, the Company was a defendant in several lawsuits. While liability in these lawsuits is not admitted, if defence against the actions is unsuccessful, then claims in these lawsuits could amount to TShs 447million (2012: TShs339 million). Similarly for the Company's subsidiary, Tanzania Distilleries Limited (TDL),the amount claimed in such lawsuits could amount to TShs380 million (2012: TShs 380 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 for the year ended 31 March 2010. 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.

32. BUSINESS COMBINATION

On 14 March 2013, the group acquired 60% of the share capital of Dar Brew Limited for TShs 8,816 Million and obtained control of the Company. Dar Brew is an opaque beer manufacturing Company with its operation in Dar es Salaam. The minority shares are held by Dar es Salaam City Council.

As a result of the acquisition, the group is expected to increase its presence in opaque beer markets to add to its existing opaque beer brand of Nzagamba existing in the Lake Zone. It also expects to reduce costs through economies of scale. The goodwill of TShs 5,237 million arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining the operations of the group and Dar Brew Limited. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Dar Brew Limited, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

Consideration at 14 March 2013	**TShs' Millions**
Total consideration - cash	8,816
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	57
Property, plant and equipment (note 15)	3,386
Intangible assets (note 16)	42
Brand (note 16)	3,276
Inventories	750
Trade and other receivables	216
Trade and other payables	(606)
Deferred income tax liabilities (note 26)	(1,156)
Total identifiable net assets	5,965
Non-controlling interest	(2,386)
Goodwill(note 16)	5,237
Total	**8,816**

The fair value of acquired assets and liabilities was deemed to approximate their carrying values adjusted for impairment as appropriate.

The fair value of acquired brand was calculated based on royalty income expected to be received from Chibuku Brand. The group royalty rate of 3% which is the rate used for other opaque beer brands in the group, was used to estimate the royalty income. Royalty is calculated on Net Producer's Revenue (NPR). The NPR forecast used in the calculation was determined from the feasibility study prepared for the business valuation. A pre-tax WACC rate of 15% for local currency was used and a tax rate was assumed to be 30% throughout the valuation period. A 2% future growth rate was assumed for the calculation of the Terminal value

Notes (continued)

32. BUSINESS COMBINATION (continued)

The fair value of the non-controlling interest in Dar Brew Limited, an unlisted Company, was estimated by using the purchase price paid for acquisition of 60% stake in Dar Brew Limited.

The revenue included in the consolidated statement of profit or loss and other comprehensive income since 15 March 2013 contributed by Dar Brew Limited was TShs 311 million. Dar Brew Limited also contributed profit before tax of TShs103 million over the same period.

Had Dar Brew been consolidated from 1 April 2012, the consolidated statement of income would show pro-forma revenue of TShs 898,385 million and profit before tax of TShs 255,022 million.

The fair value of trade and other receivables is TShs 216 million and includes trade receivables with a fair value of TShs 163 million. The gross contractual amount for trade receivables due is TShs 310 million, of which TShs 94 million is expected to be uncollectible.

Acquisition-related costs were born by the parent Company, SABMiller Plc.

33. CASH FLOW INFORMATION

(i) Cash generated from operations

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Profit before income tax	**253,813**	238,228	**227,338**	220,324
Adjusted for:				
Interest expense	**8,515**	8,337	**8,515**	8,337
Interest income	**(4,998)**	(7,277)	**(8,215)**	(9,534)
Dividend income	**-**	-	**(13,954)**	(13,709)
Depreciation, amortisation and breakages	**38,734**	31,947	**37,413**	31,210
(Decrease)/increase in provision for liabilities	**(46)**	219	**(46)**	219
Foreign exchange gain	**5,862**	(4,303)	**6,348**	(4,426)
Fair value loss/ (gain) on derivatives	**(4,397)**	2,177	**(4,397)**	2,177
Loss on disposal of property, plant and equipment	**1,909**	489	**1,969**	473
	299,392	269,817	**254,971**	235,071
Changes in working capital excluding pre-acquisition balances				
Inventories	**2,161**	(30,557)	**7,748**	(25,651)
Trade and other receivables	**(31,105)**	(33,559)	**(21,357)**	(55,157)
Trade and other payables	**23,934**	14,875	**7,226**	22,194
Cash generated from operations	**294,382**	220,576	**248,588**	176,457

(ii) Interest paid

Interest payable at 1 April	**1,189**	1,327	**1,189**	1,327
Interest expense (note 11)	**8,515**	8,337	**8,515**	8,337
Interest payable as at 31 March	**(983)**	(1,189)	**(983)**	(1,189)
Interest paid	**8,721**	8,475	**8,721**	8,475

Notes (continued)

33. CASH FLOW INFORMATION (continued)

(iii) Income tax paid

	Group		Company	
	2013 TShs'M	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Income tax payable at 1 April	**(5,301)**	(6,424)	**(5,455)**	(6,539)
Current income tax expense (note 12)	**(70,388)**	(66,922)	**(58,020)**	(57,391)
Income tax payable as at 31 March	**5,772**	5,301	**6,377**	5,455
Income tax paid	**(69,917)**	(68,045)	**(57,098)**	(58,475)

(iv) Interest received

	Group		Company	
Interest receivable at 1 April	**936**	-	**936**	-
Interest income (note 11)	**4,998**	7,277	**8,215**	9,534
Interest receivable as at 31 March	**(337)**	(936)	**(337)**	(936)
Interest received	**5,597**	6,341	**8,814**	8,598

(v) Dividends paid

	Group		Company	
By the Company				
Dividends payable at 01 April	**(60,524)**	(2,369)	**(60,524)**	(2,369)
Interim dividend payable (note 14)	**(88,479)**	(58,986)	**(88,479)**	(58,986)
Dividends payable at 31 March	**3,437**	60,524	**3,437**	60,524
	(145,566)	(831)	**(145,566)**	(831)
By subsidiaries				
Non-controlling interest's share of dividends paid(note 14)	**(7,514)**	(7,382)	**-**	-
Dividends paid	**(153,080)**	(8,213)	**(145,566)**	(831)

34. RELATED PARTY TRANSACTIONS AND BALANCES

(i) Sale of goods and services

	Group		Company	
Sale of goods	**2013 TShs'M**	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Other related parties	**4,707**	3,440	**4,707**	3,440

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

Notes (continued)

34. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(i) Sale of goods and services (continued)

	Group		Company	
Sale of services	**2013 TShs'M**	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Subsidiary	**-**	-	**2,971**	2,324

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

(ii) Purchase of goods and services

	Group		Company	
Purchase of goods	**2013 TShs'M**	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Subsidiary	**-**	-	**713**	999
Other related parties	**38,979**	88,087	**38,979**	88,087
	38,979	88,087	**39,692**	89,086

The Company purchases goods from SABEX, a division of SABMiller Africa & Asia (Pty) Limited. SABEX is used as the Group's procurement agent for items other than capital equipment. MUBEX, a subsidiary of SABMiller Plc, is used as the Group's procurement agent for capital equipment.

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

	Group		Company	
Purchase of services	**2013 TShs'M**	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Subsidiary	**-**	-	**256**	272
Other related parties	**37,053**	32,248	**37,053**	32,250
	37,053	32,248	**37,309**	32,522

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

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

(iii) Interest on Intercompany accounts:

	Group		Company	
Interest on intercompany accounts	**2013 TShs'M**	2012 TShs'M	**2013 TShs'M**	2012 TShs'M
Parent	**(421)**	-	**(421)**	-
Subsidiary	**-**	-	**3,217**	2,257

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.

Notes (continued)

34. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Receivable from related parties	Group 2013 TShs'M	Group 2012 TShs'M	Company 2013 TShs'M	Company 2012 TShs'M
Subsidiary	**-**	-	**26,948**	17,147
Other related parties	**7,407**	2,394	**7,407**	2,394
	7,407	2,394	**34,355**	19,541

Payable to related parties	Group 2013 TShs'M	Group 2012 TShs'M	Company 2013 TShs'M	Company 2012 TShs'M
Subsidiary	**-**	-	**2,036**	1,910
Other related parties	**12,961**	24,079	**12,961**	24,080
	12,961	24,079	**14,997**	25,990

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 (2012: 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 2013 TShs'M	Group 2012 TShs'M	Company 2013 TShs'M	Company 2012 TShs'M
Salaries	**4,233**	4,078	**3,030**	2,901
Pension contributions	**446**	397	**339**	290
	4,679	4,475	**3,369**	3,191

No terminal or other long term benefits were paid to key management personnel during the year (2012: Nil).

b) Transactions with key management personnel

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

Notes to the Financial Statements

For the year ended 31 March 2013

Notes (continued)

34. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(v) Key management personnel (continued)

c) Balances with key management personnel

As at 31 March 2013, there was a total outstanding loan amount with key management personnel of TShs 36.5 million (2012: TShs 296 million). None of the loans made to members of key management has been made to the Directors.

d) Directors' emoluments

	Group 2013 TShs'M	Group 2012 TShs'M	Company 2013 TShs'M	Company 2012 TShs'M
Non-executive Chairman	**38**	31	**30**	20
Non-executive Directors	**90**	63	**73**	58
Executive Directors (Included in key management personnel above)	**243**	205	**243**	205
	371	299	**346**	283

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

The Directors of the Company own directly and indirectly 92,403 (2012:85,603) ordinary shares of the Company as 31 March 2013.

During the year, there were no commitments, provision of guarantees and collateral with related parties. (2012: Nil)

35. ULTIMATE PARENT COMPANY

SABMiller Africa BV (incorporated in the Netherlands) owns 57.54% (2012: 57.54%) of the Company's issued shares. The ultimate parent Company is SABMiller plc, incorporated in the United Kingdom.

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors on 19 June 2013. They are subject to approval by the members in the Annual General Meeting.

Administration & Notice of Meeting

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 40th Annual General Meeting of the Shareholders of Tanzania Breweries Limited will be held at Hyatt Regency Kilimanjaro Hotel in Dar es Salaam on 14th August, 2013 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 39th Annual General Meeting held on 30th August, 2012.

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, 2013.

5. To ratify dividend paid for the year ended 31st March, 2013

6. Appointment of Statutory Auditors
To approve PricewaterhouseCoopers as the auditors for the next financial year ending 31st March, 2014.

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 31st July, 2013.
ii. Shareholders shall meet all the costs for attending the meeting.

ADMINISTRATION
Tanzania Breweries Limited
(Registration Number 2497)

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

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

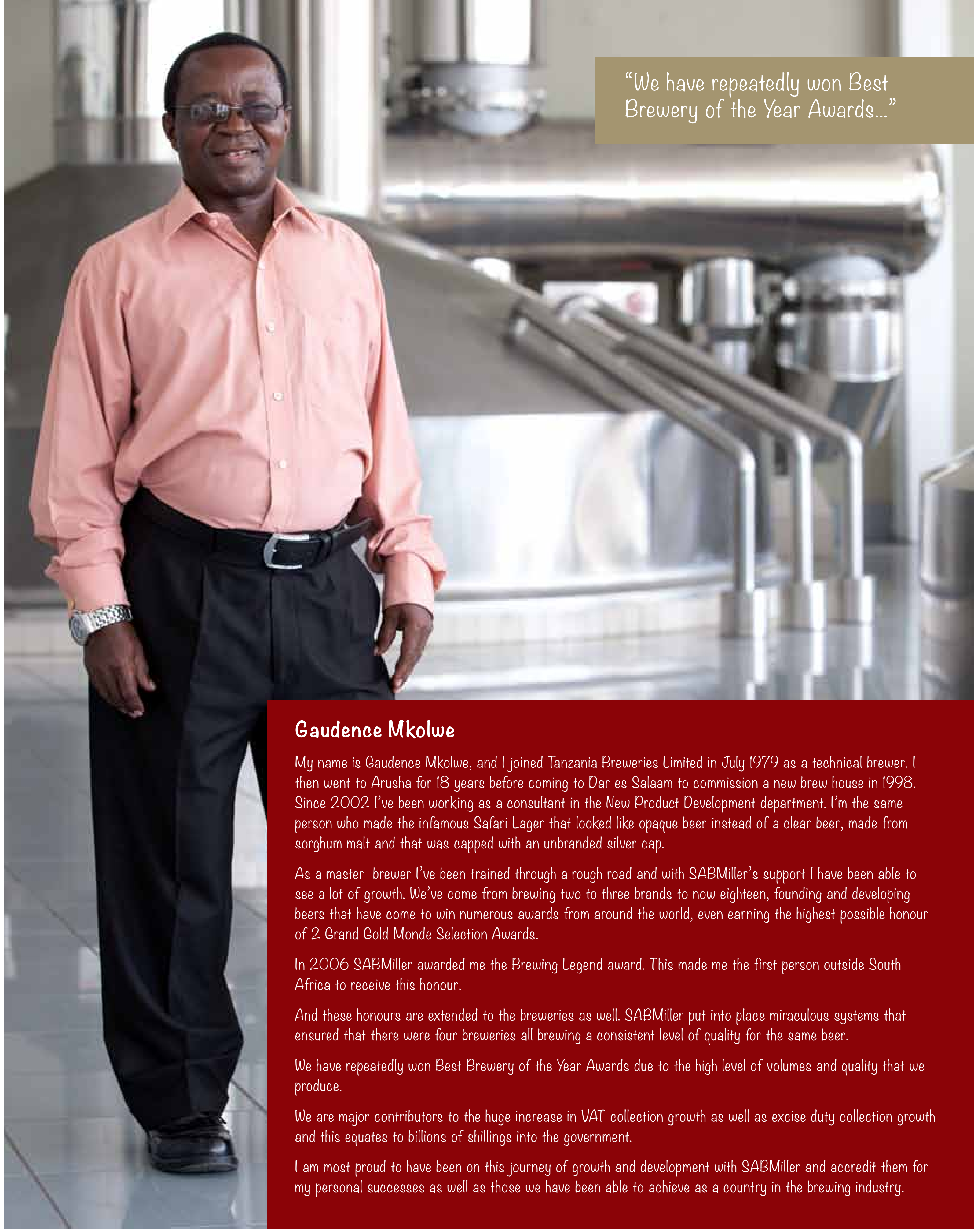
External Auditors:
PricewaterhouseCoopers,
Pemba House
369 Toure Drive
Oysterbay
P.O. Box 45, Dar es Salaam
Tel : +255 (0) 22 2192200

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

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

Dividends:
1st Interim:
Declaration - November
Payment - December

2nd Interim:
Declaration - February
Payment - March



"We have repeatedly won Best Brewery of the Year Awards..."

Gaudence Mkolwe

My name is Gaudence Mkolwe, and I joined Tanzania Breweries Limited in July 1979 as a technical brewer. I then went to Arusha for 18 years before coming to Dar es Salaam to commission a new brew house in 1998. Since 2002 I've been working as a consultant in the New Product Development department. I'm the same person who made the infamous Safari Lager that looked like opaque beer instead of a clear beer, made from sorghum malt and that was capped with an unbranded silver cap.

As a master brewer I've been trained through a rough road and with SABMiller's support I have been able to see a lot of growth. We've come from brewing two to three brands to now eighteen, founding and developing beers that have come to win numerous awards from around the world, even earning the highest possible honour of 2 Grand Gold Monde Selection Awards.

In 2006 SABMiller awarded me the Brewing Legend award. This made me the first person outside South Africa to receive this honour.

And these honours are extended to the breweries as well. SABMiller put into place miraculous systems that ensured that there were four breweries all brewing a consistent level of quality for the same beer.

We have repeatedly won Best Brewery of the Year Awards due to the high level of volumes and quality that we produce.

We are major contributors to the huge increase in VAT collection growth as well as excise duty collection growth and this equates to billions of shillings into the government.

I am most proud to have been on this journey of growth and development with SABMiller and accredit them for my personal successes as well as those we have been able to achieve as a country in the brewing industry.

2012

Safari Lager, Kilimanjaro Premium Lager, Castle Milk Stout and Castle Lager now available in new easy-to-carry 6-pack (NRB pack).

2013

Launch of Peroni Nastro Azzurro in April.

TANZANIA BREWERIES

The home of fine beer