NICOL

The Economic Shield of The Nation

2021 ANNUAL REPORT

NATIONAL INVESTMENTS PLC

SHARED RETURNS AND Sustainable growth

TABLE OF CONTENTS

OVERVIEW OF THE NATIONAL INVESTMENTS PLC

ABOUT NICOL

NICOL was initially formed in 1999 by the support from various individuals. This initiative progressively gained the support of many Tanzanians, leading to its incorporation as a sole Collective Investment Scheme in Tanzania, on 27th June 2001, NICOL was registered by Brela number 41644. Its main goal is to economically empower ordinary citizens by acquiring a stake in the economy of Tanzania through joint ownership in viable economic ventures.

NICOL started off its operations with an authorized share capital of TZS 50,000,000,000 divided into 200,000,000 shares of TZS 1,000 each. At its registration it had paid up capital of TZS 10,000,000 which grew to TZS 156,492,000 after two years. The current paid up capital is TZS 8 billion.

The owners of the Company are the general public (Tanzanians) comprising of 26,894 shareholders.

88+ Billion

The company progressively grew its capital to more than Tanzania shillings eighty-eight billion

OUR VISION MISSION AND VALUES

OUR VISION

To develop and increase participation of local Tanzanians in the management and control of the National economy.

OUR MISSION

To be the leading Collective Investment Scheme in the country, mobilizing resources from public and participating in viable economic ventures through equity ownership and investments using the most cost-effective management systems and technology, highly qualified and motivated personnel.

OUR VALUES

The Company provides services anchored in transparency, efficiency, commitment, integrity and accountability to the shareholders and general public.

OUR CORE VALUES

TRANSPARENCY

To have a work culture where employees rigorously communicate with their peers and exchange ideas and thoughts, which progressively builds up and maintains trust and respect.

EFFICIENCY

To maintain the pioneering status in the specialized area of Collective Investment Scheme so as to maintain exemplary leadership and remain the centre of excellence.

COMMITMENT

Tto promote a culture of excellence throughout the Company through robust management system, consistent and effective training, vigilant maintenance of stakeholder's relationships, and of course, the quality of services expected for all shareholders.

INTEGRITY

Honesty and adherence to the codes of conduct that sustains high regard in the eyes of the public nationally and internationally.

PROFESSIONALISM

To act professional in all actions and dealings with our shareholders, clients and partners.

“

Along with our efforts to improve returns and value creation, in 2018, the company purchased a semi-finished building property at Msasani beach plot No 818 for the purpose of building corporate NICOL office and for commercial purpose which will include office space and conference/ functional hall.

The completion of the building is expected to stimulate future expansion, building corporate image inside and outside the country and as well as increase returns.

NICOL OWNERSHIP

SHAREHOLDER	NUMBER	SHARES	% HOLDING
General Public	25,834	51,069,886	82.86%
Government Institutions	9	5,811,170	9.43%
Companies	110	2,063,572	3.35%
Foreign Citizens	5	1,804,296	2.93%
Religion Institutions	21	351,200	0.57%
Cooperative Unions	79	277,400	0.45%
Foreign Companies	4	222,300	0.36%
Brokers	1	33,210	0.05%
Political Parties	4	1,800	0.00%
GRAND TOTAL	**26,067**	**61,634,834**	

OUR STAKEHOLDERS AND BUSINESS PARTNERS

CMSA

BANK OF TANZANIA

CSDR
Settlement & Custody

DSE
Creating Opportunities

DTB
DIAMOND TRUST BANK

NMB

AZANIA BANK LTD

ORBIT SECURITIES COMPANY LTD.

TIB DEVELOPMENT BANK
Your Partner for Growth

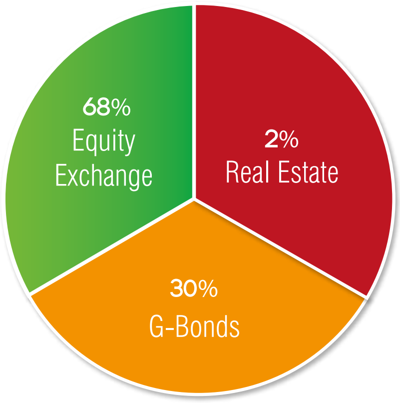
ZAN SECURITIES
INVESTMENT ADVISOR | FUND MANAGER
LICENCED DEALING MEMBER OF DAR ES SALAAM STOCK EXCHANGE

VERTEX
INTERNATIONAL SECURITIES LTD

VICTORY
FINANCIAL SERVICES LIMITED

OUR STRATEGIES

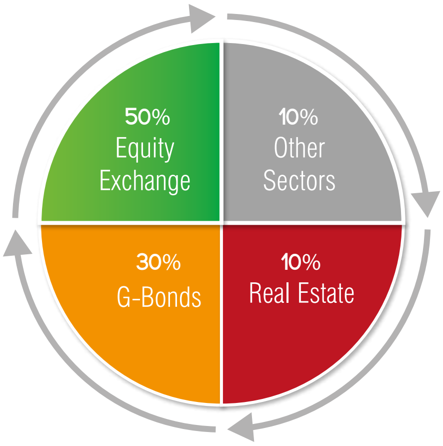
CURRENT PORTFOLIO



101+
Billion

TOTAL INVESTMENT TZS
101,256,504,252

STRATEGIC ALLOCATION



STRATEGIC INVESTMENT AREAS FOR THE NEXT FIVE YEARS
MKAKATI WETU KUKUZA UWEKEZAJI KWA MIAKA MITANO IJAYO

Investment in the Processing and Distribution of Gas (LPG) and CNG conversion and refiling stattions

Kutumia nafasi tuliyonayo, kuwekeza katika uchakataji na usambazaji wa Gesi.

Penetrate to invest in Processing and Storage Facilities of Agricultural products.

Kupenyeza uwekezaji katika usindikaji na uanzishaji wa magala ya Mazao ya Kilimo.

SUSTAINABILITY AND IMPROVED SHAREHOLDERS RETURNS
UENDELEVU NA UKUZAJI WA MAPATO KWA WANAHISA WETU

We take action to manage and protect Shareholders Value and increasing Returns

Tutachukua hatua kusimamia uendelevu wa thamani yetu na kukuza mapato kwa Wanahisa Wetu kupitia ongezeko la gawio.

OTHER STRATEGIES ARE

- Strengthening Corporate Image and Stakeholders Relationship
- Improved Operations
- Strengthening NICOL's Corporate Governance

OUR INVESTMENTS

OUR STRATEGIES

PORTFOLIO DIVERSIFICATION

INVESTMENT VALUE SUSTAINABILITY AND IMPROVED SHAREHOLDERS RETURNS

STRENGTHENING CORPORATE IMAGE AND STAKEHOLDERS RELATIONSHIP

IMPROVED OPERATIONS

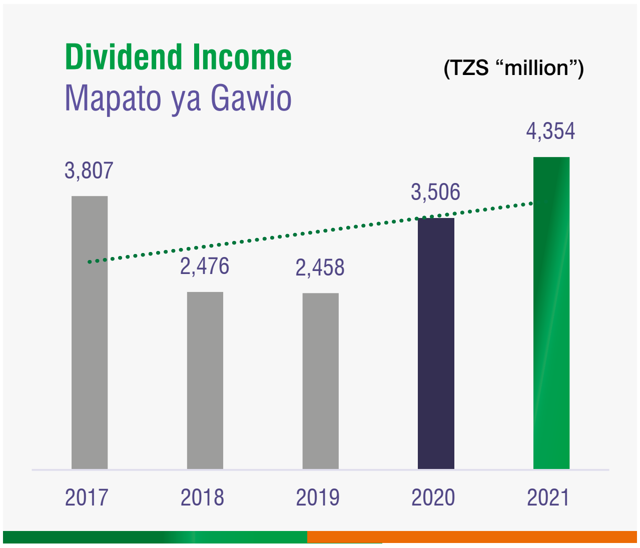
STRENGTHENING NICOL'S CORPORATE GOVERNANCE

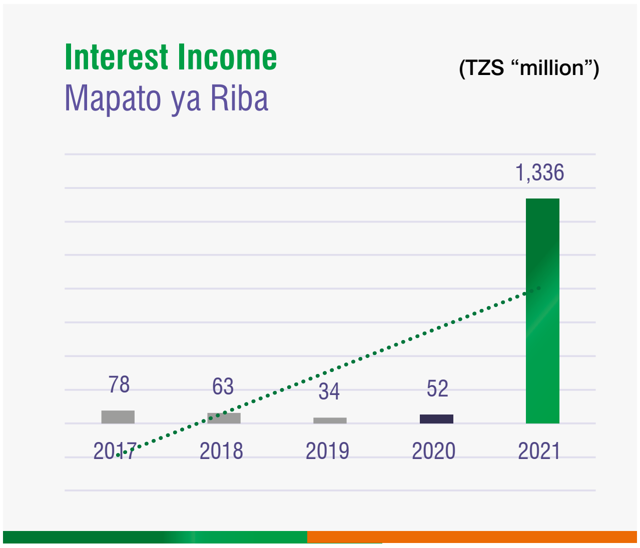
FINANCIAL TRENDS

For the five years from 2017 to 2021

TATHMINI ZA FEDHA

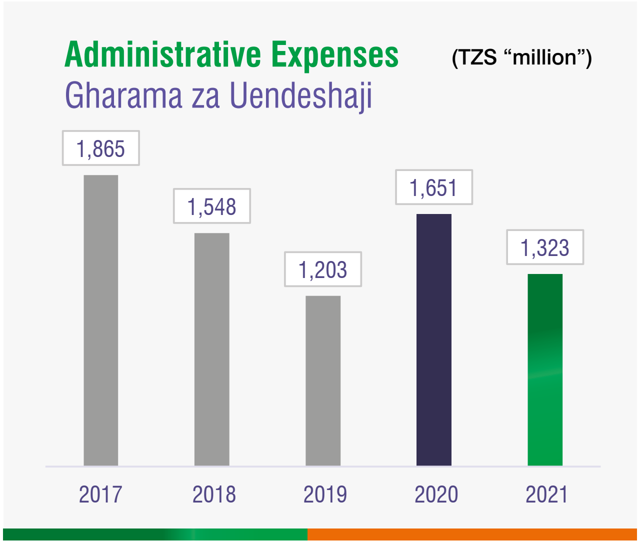
Kwa miaka mitano





FINANCIAL TRENDS
For the five years from 2017 to 2021

TATHMINI ZA FEDHA
Kwa miaka mitano kuanzia 2017 mpaka 2021



Administrative Expenses includes employees benefits and other costs associated with operating activities.

We have continued to take steps on cost reduction, in 2021, operating costs decreased by 20% from Tsh 1,651 million to Tsh 1,323 million in 2021.

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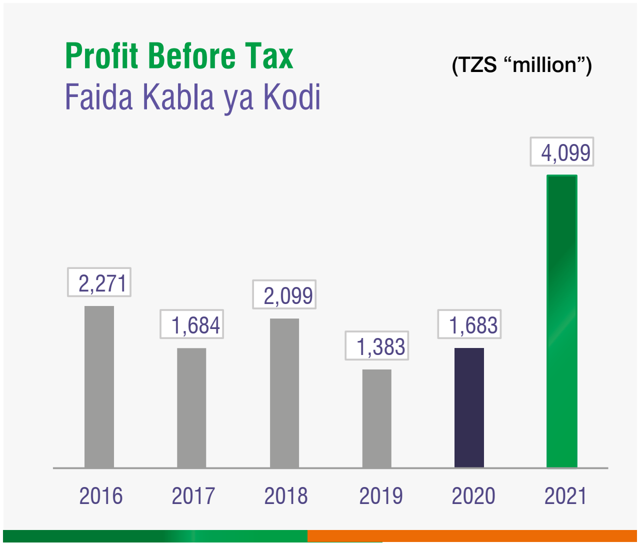
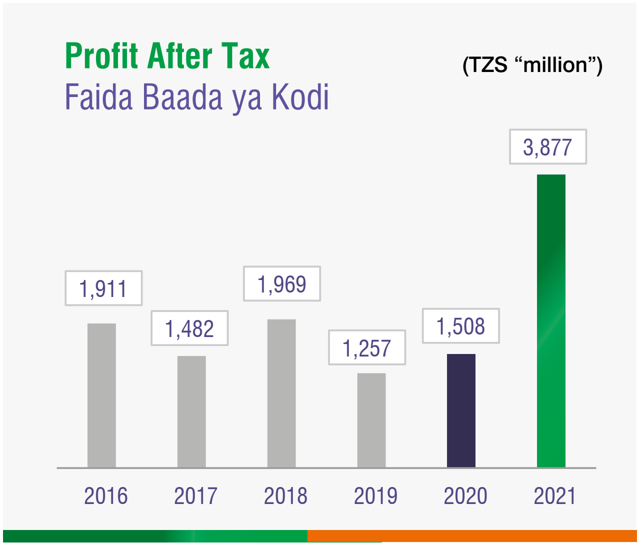
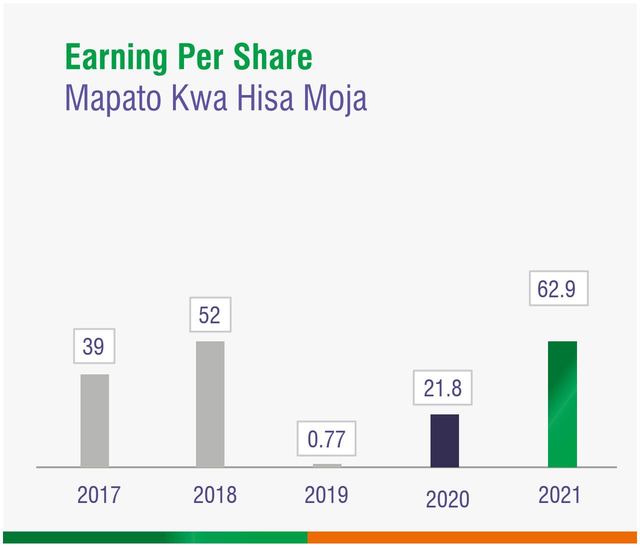
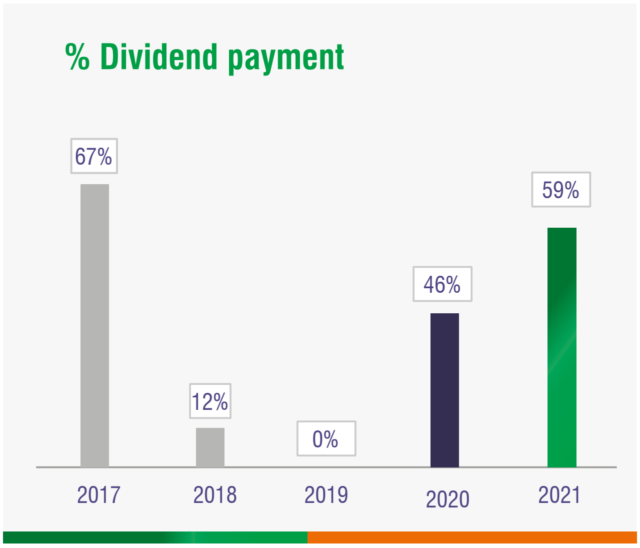
Gharama za uendeshaji zinahusisha mishahara na gharama zingine zinazohusiana na gharama za uendeshaji.

Tumeendelea kuchukua hatua kupunguza matumizi yasiyo ya ulazima, mwaka 2021, gharama za uendeshaji zilipungua kwa asilimia 20% kutoka TZS 1,651 na kufikia TSH 1,323 milioni mwaka 2021.







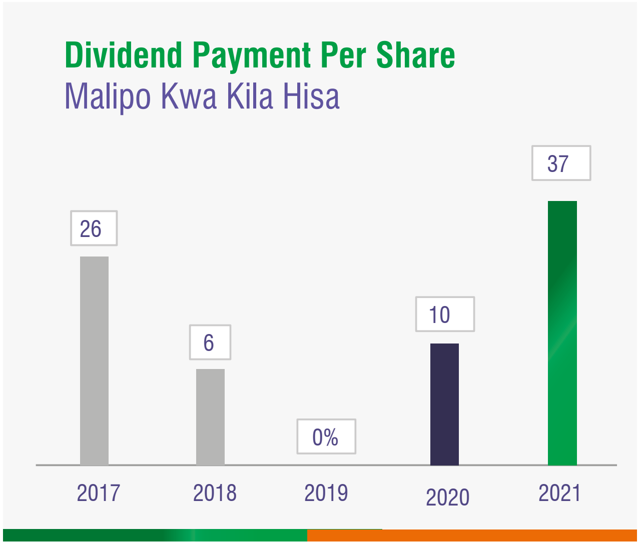


FINANCIAL TRENDS

For the five years from 2017 to 2021

TATHMINI ZA FEDHA

Kwa miaka mitano kuanzia 2017 mpaka 2021



Due to positive performance, profit after tax grew by 157%, as the result, in addition to Tsh 17 interim dividend payment, the Board propose final dividend payment of Tsh 20 per share out from the 2021 profit after tax.

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Kutokana na utendaji mzuri uliotokana na utawanyaji wa uwekezaji wetu, faida baada ya kodi imekua kwa asilimia 157, matokeo yake, pamoja na malipo ya gawio la muda la Tsh 17, Bodi inapendekeza malipo ya mwisho ya gawio la Tsh 20 kwa kila hisa kutokana na faida ya mwaka 2021 baada ya kodi.

157%+

Profit after Tax

As the result, in addition to Tsh 17 interim dividend payment the Board propose final dividend payment of Tsh 20 per share

FINANCIAL TRENDS
For the five years from 2017 to 2021

TATHMINI ZA FEDHA
Kwa miaka mitano kuanzia 2017 mpaka 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2017 TZS '000'	2018 TZS '000'	2019 TZS '000'	2020 TZS '000'	2021 TZS '000'
Income					
Dividend Income	3,807,421	2,475,714	2,458,152	3,506,248	4,354,438
Interest Income	77,903	63,192	33,986	52,330	1,335,510
Provision Written back -		1,262,368	335,899		
Total Income	**3,885,324**	**3,801,273**	**2,828,037**	**3,558,578**	**5,689,948**
Expenses					
Employees benefits	(486,320)	(611,399)	(645,453)	(770,371)	(416,814)
Administration expenses	(1,378,988)	(936,946)	(557,090)	(881,028)	(906,420)
Other expenses	(86,691)	(147,479)	(171,035)	(223,812)	(256,495)
Finance costs	(249,608)	(6,125)	(71,774)		(11,242)
Profit before tax	**1,683,717**	**2,099,325**	**1,382,685**	**1,683,367**	**4,098,977**
Tax Charge	(201,502)	(130,734)	(125,997)	(175,312)	(221,992)
	1,482,215	**1,968,591**	**1,256,688**	**1,508,055**	**3,876,985**

FINANCIAL TRENDS

For the five years from 2017 to 2021

TATHMINI ZA FEDHA

Kwa miaka mitano kuanzia 2017 mpaka 2021

INCOME STATEMENT PROJECTIONS

For the next five years

MAKISIO YA MAPATO KWA MIAKA MITANO

kwa miaka mitano ijayo

	2022 TZS '000'	2023 TZS '000'	2024 TZS '000'	2025 TZS '000'	2026 TZS '000'
Income					
Dividend Income	5,327,212	5,593,573	5,649,508	5,706,003	5,763,063
Interest Income	2,431,846	4,057,875	4,463,663	4,999,302	5,249,267
Other Income and Income from Subsidiaries		1,254,900	1,380,390	1,587,449	1,666,821
Total Income	**7,759,058**	**10,906,348**	**11,493,561**	**12,292,754**	**12,679,151**
Expenses					
Employees benefits	(602,675)	(638,165)	(701,982)	(737,081)	(816,593)
Administration expenses	(1,342,318)	(1,479,550)	(1,509,141)	(1,639,867)	(1,689,063)
Other expenses	(118,624)	(128,114)	(134,520)	(137,210)	(145,443)
Finance costs *		(834,134)	(689,212)	(524,240)	(337,340)
Profit before tax	**5,695,441**	**7,826,385**	**8,458,707**	**9,254,356**	**9,690,713**
Tax Charge	(263,620)	(201,502)	(130,734)	(125,997)	(175,312)
	5,431,821	**7,624,883**	**8,327,973**	**9,128,359**	**9,515,401**

To accelerate our expansion and development goals, it is expected that construction of our building at Msasani will be financed by loan borrowing from banks at an estimated interest rate of about 12.79% or the lowest negotiated rate.

FINANCIAL TRENDS

For the five years from 2017 to 2021

TATHMINI ZA FEDHA

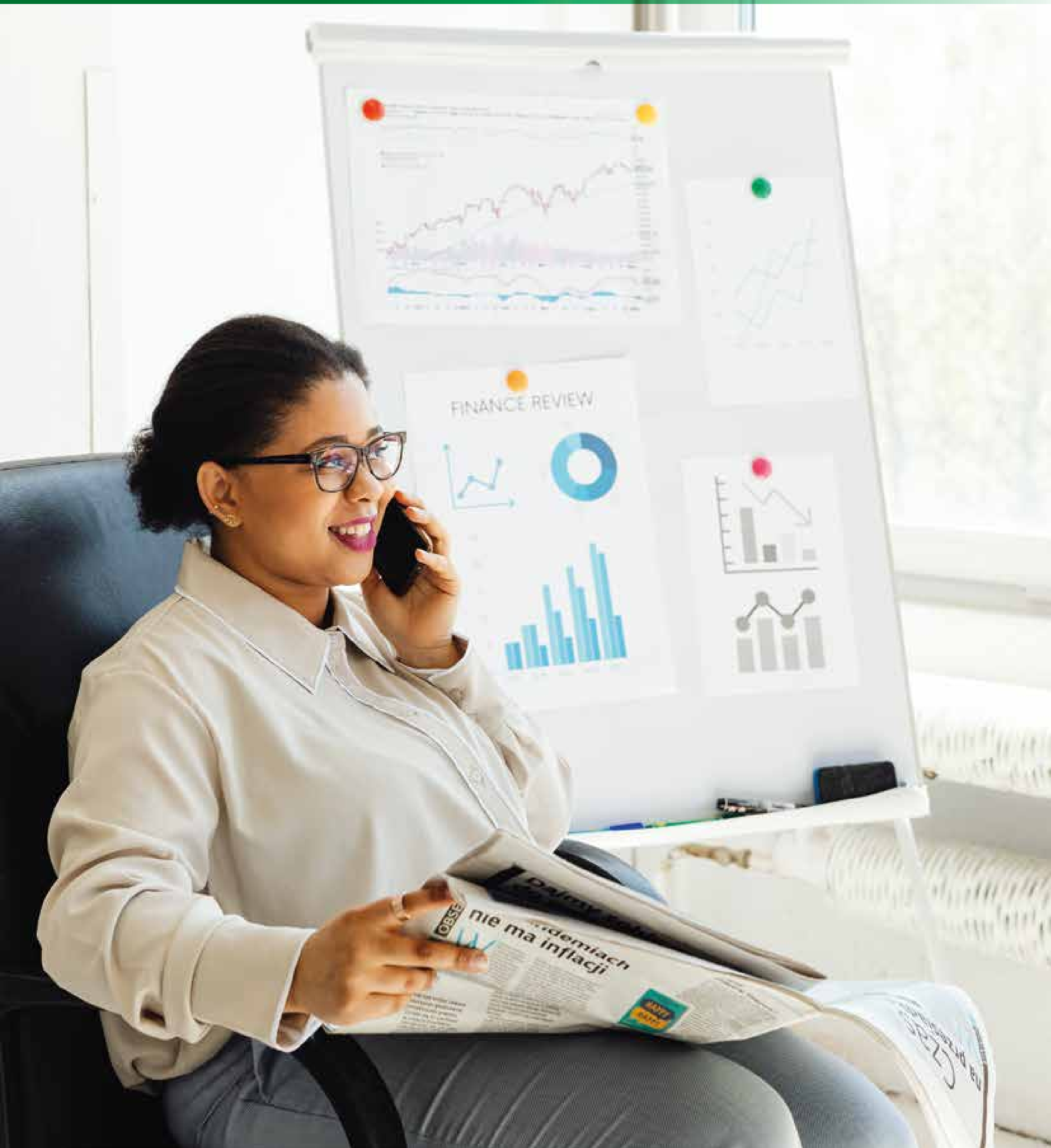
Kwa miaka mitano kuanzia 2017 mpaka 2021

STATEMENT OF FINANCIAL POSITION TREND

For the five years from 2017 to 2021

	2017 TZS '000	2018 TZS '000	2019 TZS '000	2020 TZS '000	2021 TZS '000
ASSETS					
Non-current assets					
Property, plant and equipment	141,057	1,778,972	1,739,795	1,658,463	1,694,972
Investment securities	98,565,835	84,937,469	83,699,181	80,997,056	57,123,378
Government Bonds		-	-	1,093,450	15,400,196
Right-of-use asset					95,787
	98,706,892	**86,716,441**	**85,438,976**	**83,748,969**	**74,314,333**
Current assets					
Trade and other receivables	727,423	886,253	24,305	68,773	259,435
Cash and cash equivalents	1,600,278	610,394	72,638	769,106	636,834
Tax recoverable		-	-		
	2,327,701	**1,496,646**	**96,943**	**837,879**	**896,269**
	101,034,593	**88,213,087**	**85,535,919**	**84,586,848**	**75,210,602**
LIABILITIES					
Equity					
Share capital	4,730,153	4,730,153	8,645,647	8,645,647	7,705,604
Share premium	4,562,836	4,562,836	647,342	647,342	1,587,385
Retained earnings	(1,439,572)	(454,853)	(828,472)	2,016,622	15,115,417
Available for sale investments reserve	89,062,179	75,433,814	74,195,526	715,488,081	48,624,803
Equity attributable to owners of the company	**96,915,596**	**84,271,950**	**82,660,043**	**82,857,693**	**73,033,209**
Non-current liabilities					
Lease liabilities					31,822
	96,915,596	**84,271,950**	**82,660,043**	**82,857,693**	**73,065,031**
Current liabilities					
Trade and other payables	3,149,536	2,303,637	1,867,544	999454	1,039,966
Lease liabilities					41,815
Other liability		1,237,500	1,008,332	729,701	1,063,790
Borrowings	969,460	400,000	-		
	4,118,996	**3,941,137**	**2,875,876**	**1,729,155**	**2,145,571**
	101,034,592	**88,213,087**	**85,535,919**	**84,586,848**	**75,210,602**

Notice of the 8th
ANNUAL GENERAL MEETING 2022



National Investments PLC
50 Mirambo Street
3rd Floor, Mirambo House
P.O. Box 7465
Dar Es Salaam
Phone: +255 22 2701436/2701348
0682 720 679
E-mail: invest@nicol.co.tz

NOTICE OF THE 8TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF THE NATIONAL INVESTMENTS PLC (NICOL)

Notice is hereby given that the 8thAnnual General Meeting of the National Investments Plc shareholders will be held on **Saturday, 12th November, 2022 at 10.00 a.m**. The registration counters will be open from **8:30am.**

The agenda will be as follows:

8.1 NOTICE AND QUORUM.

8.2 ADOPTION OF THE AGENDA FOR THE 8TH ANNUAL GENERAL MEETING.

8.3 APPOINTMENT OF THE DIRECTORS

8.4 CONFIRMATION OF THE MINUTES OF THE 7th ANNUAL GENERAL MEETING HELD ON 3rd DECEMBER 2021.

8.5 MATTERS ARISING FROM THE MINUTES OF THE 7TH ANNUAL GENERAL MEETING.

8.6 TO RECEIVE, CONSIDER AND ADOPT THE DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED 31st DECEMBER 2021.

8.7 FINAL DIVIDEND DECLARATION FOR THE FINANCIAL YEAR 2021.

8.8 TO RECEIVE AND APPROVE THE PROPOSAL FOR DIRECTORS' REMUNERATION.

8.9 AMENDMENTS IN THE COMPANY'S ARTICLES OF ASSOCIATION

8.10 TO RECEIVE AND APPROVE APPOINTMENT OF EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 2022.

8.11 ANY OTHER BUSINESS.

IMPORTANT NOTES:

1. Members wishing to attend the meeting must submit one of the following: a copy of his/her depository receipt, passport, voters ID card, or driving license.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf in accordance with the provision of the Articles of the Company. The proxy form must be deposited at the registered office of the company (physical or by email to invest@nicol.co.tz) not later than 03:00 pm Friday, 11th November 2022.

3. Copies of the Annual Report and proxy forms will be available at the NICOL's office 50Mirambo, 3rd Floor Street, Mirambo House and on the company's website www.nicolplc.co.tz. For more details please contact 0733 006 177 or 022 2111 399.

BY ORDER OF THE BOARD

NATIONAL INVESTMENTS PLC
Adv. Benjamin Mwakagamba
Company Secretary

National Investments PLC
50 Mirambo Street
3rd Floor, Mirambo House
P.O. Box 7465
Dar Es Salaam
Phone: +255 22 2701436/2701348
0682 720 679
E-mail: invest@nicol.co.tz

NICOL
The Economic Shield of The Nation

DIVIDEND DECLARATION FOR THE FINANCIAL YEAR 2021

The Board of Directors of National Investments PLC is pleased to, subject to obtaining approval from the Annual General Meeting of Shareholders to be held on Saturday 12th November 2022, hereby recommend payment of Final Dividend of TZS 20 per share (TZS 1,232,696,680) in addition to interim dividend payment of TZS 17 per share paid on 3rd December 2021 making a total Dividend payment of TZS 37 per share, the final dividend will be paid out from the profit for the financial year 2021.

Pursuant to the dividend payment declaration, the share Register details shall remain as follows:

Announcement Date	12th November 2022
Trading of Share cum Dividend	12th November 2022
Trading of Share Ex Dividend	30th November 2022
Closure of the Members Register	1st December 2022
Dividend Payment on or by	2nd December 2022

Dividend will be paid directly to shareholder's bank account

For communication, contact:

The Registrar
CSD & Registry Company Limited
2nd Floor, NHC Corporate Office
Kambarage House, 6 Ufukoni Street
P O Box 70081
Dar es Salaam
Mobile 0746 160 516
Email: registra@csdr.co.tz

BY ORDER OF THE BOARD

PROXY FORM

TO:

The Company Secretary

National Investments PLC

50 Mirambo Street

3rd Floor, Mirambo House

P.O. Box 7465
Dar Es Salaam

1/We .... of ....being a fully paid up member/members of the National Investments PLC and entitled to vote, hereby appoint ....email..cellphone No .... as my/our proxy, to vote for me/us and on my/our behalf at the **8th ANNUAL GENERAL MEETING** of the Company to be held at the Julius Nyerere International Convention Centre (JNICC) on **Saturday, 12th November, 2022** at **10.00** and at my adjournment thereof.

Signed this........................ day of 2022

Signature(s) of member (s) ____

Note: A member entitled to attend, and vote may appoint, in writing a proxy to act on his/her behalf, to attend, vote and speak instead of his/her. A proxy need not also be a member of the Company.

The form must be properly filed in and returned electronically through Company Secretary Email address: invest@nicol.co.tz before Friday, 11nd November, 2022 at 15:00 hours.

Strategic REVIEW 2022

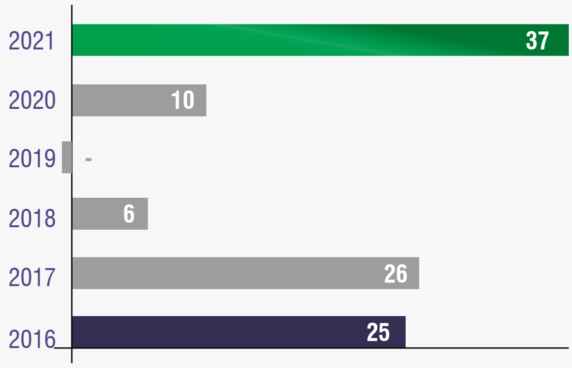
157% +

Profit after tax (PAT) increased to TZS 3.876 billion from TZS 1.508 billion year 2020.

VALUE WE HAVE CREATED - FIVE YEARS

TO OUR SHAREHOLDERS

DIVIDENDS / GAWIO



TZS **6.41** Billion

Dividend amount declared and paid to our Shareholders for the past six years from 2017 to 2021.

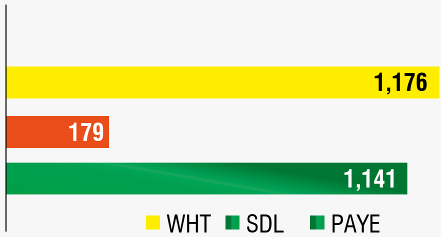
NATIONAL DEVELOPMENT

To the Government

TZS **2.496** Billion

Amount contributed for the past five years in terms of payment to various Government taxes in support of the National development agenda.

Government Taxes In TZS "Million



DEVELOPMENT

To Our employees and Service Providers

CREATING **NEW** Opportunities AND **POSSIBILITES**

DR. GIDEON H KAUNDA
BOARD CHAIRMAN

CHAIRMAN'S STATEMENT

157%+
Profit After Tax

Profit after tax, PAT grew from TZS 1.508 to TZS 3.876 billion in 2021.

Dear Shareholders

On behalf the Board of Directors, I am profoundly delighted and honored once again to present to you the Annual Report and Financial Statements of the National Investments Plc (NICOL) for the year ended 2021. Notwithstanding the challenges of a disruptive business environment caused by abysmal consequences of the global COVID-19 pandemic, the Company has attained remarkable achievements and outstanding results. Amidst the often-touted threat of an economic downturn and looming world-wide recession, we are obliged to recall and reminisce on the more precautionary focus on future predictions. I am therefore exceedingly buoyed and elated that in spite of all the signs of gloom in the last financial year, NICOL`s positive financial output has skyrocketed manifold and inevitably, in terms of added value to investors, the Shareholders will be immensely delighted to look at the Company`s positive performance in the 2021 Financial Year Report.

I am, therefore, honored to give a brief highlight of the Company`s record-setting results derived from business activities and the income of 2021. The Profit after tax (PAT) grew by 157%, from TZS 1.508 to TZS 3.876 billion in 2020, to TZS 3.787 billion in

2021. The company remains a leading capitalized investment scheme in the market, with its share price averaging TZS 350 per share in 2021.

As an imperative and singular duty to our principal stakeholders, in particular the Shareholders and the Regulators, comprising the Capital Market and Securities Authority (CMSA) and the Dar-Es-Salaam Stock Exchange (DSE), I wish to express our sincere gratitude to them for their remarkably generous support and genuine co-operation which were significant attributes to NICOL`s laudable achievements. The Board and Management are particularly appreciative of the exceptionally progressive and harmonious stakeholders` relationship which has bought about enviable business results, structural stability and credibility at the highest investment threshold. It is undeniable that without such Stakeholders` dedication, wisdom and commitment to the preservation of public interest, the preponderance of inhospitable rivalry and unethical corporate demeanor rooted in the dark historical legacy would have thrived unchecked, with serious consequences to NICOL`s survival. Thankfully, and whilst expressing our profound gratitude to the major stakeholders for their firm conviction as to the Company`s future, NICOL`s detractors have continuously lost ground, since on numerous occasions the company did manage to extricate itself entirely from such trials and tribulations, with renewed vigor and determination.

We shall continue to embrace and treasure this unique relationship, which in every respect motivates our relentless endeavor to reach the heights of success as a Tanzanian Leading and Profitable Collective Investment Scheme. We are optimistic that with our strategic plan fully rolled-out, NICOL will realize its sustainable long-term growth and profitable results.

37 TZS +
Per share

Directors propose payment of a final dividend of TZS 20 per share to make a total dividend of TZS 37 per share.

> THE BOARD AND MANAGEMENT ARE PARTICULARLY APPRECIATIVE OF THE EXCEPTIONALLY PROGRESSIVE AND HARMONIOUS STAKEHOLDERS` RELATIONSHIP WHICH HAS BOUGHT ABOUT ENVIABLE BUSINESS RESULTS, STRUCTURAL STABILITY AND CREDIBILITY AT THE HIGHEST INVESTMENT THRESHOLD

As Board Chairman, I am immensely proud of the progress we have made in a somewhat checkered transformation journey. From an innocuous position, seemingly bedeviled by unending teething problems, the Company has waded through a disjointed leadership structure before attaining the current level of quality-selection to meet the standards of intellectual skills, accountability, experience, integrity, and professional aptitude, demonstrably evident in the newly selected Board, which fully meets those qualities and excellency.

DIVIDEND DECLARATION FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2021.

It is recalled that, based on the Board proposal the Shareholders adopted a Resolution at the 7th Annual General Meeting, approving payment of Interim Dividend of 17 shillings per share, which was implemented as approved at the end of 2021.

However, due to NICOL`s improved performance and its strong financial position, it is opportune and in tune with the Company`s financial stability to revert to a more customary dividend payment mechanism. Consequently, the Board proposes to discontinue the present interim dividend arrangement by substituting it with a payment process reflecting actual contemporary results, under which the current financial year will become the turning point, whereby the Board has proposed payment in 2021 of total dividend of TZS 37 per share, being inclusive of an additional final dividend of TZS 20 per share.

Henceforth, upon introduction of the new payment mechanism, NICOL shall institute a policy of declaring final dividend, thereby eradicating the trend of interim dividend declaration.

THE BOARD

Based on high-level experience, exposure and multidisciplinary knowledge, The NICOL Board works in harmony with management by upholding high standards of corporate governance and management oversight, contributing immeasurably to Directors` responsibility in delivering sustainable shareholder value and achieving the Company's short, medium and long-term goals. Throughout the year, the Board continued to provide leadership by oversight of the Company's development plans, including diversification of investment resources in line with NICOL`s corporate strategy. There has been a seamless interaction with the various authorities and Regulators to resolve compliance issues, upgrade performance and uphold the need to address overriding

shareholders` and public interests.
As Chairman, I am more than satisfied with the new energized Board and its diversified Directors` talents, not to mention the recognition that NICOL has singularly met the governance national policy guidelines on gender inclusiveness and equality at Board level, second to none. It was thus a great pleasure for us to obtain the approval of the Shareholders on 30th May, 2022 to include new Directors by way of strengthening the Board's performance, as you will notice from their profiles` details in the Report.

OUTLOOK

I am confident and quite enthused about the future of the National Investments Plc. Our Board is intimately engaged in assessing the very best strategic and financial options for the Company. We strive to improve in all areas of our investments portfolio to bring sustainable value to our shareholders, and I thank all our dedicated staff for their commitment and effort towards achieving the vision of our Board. Our strategy remains steadfast and focused on a trajectory towards sustainable growth.
Lastly, we reiterate our clear commitment to good governance, strict compliance to corporate norms, internal traditions, rules and regulations, transparency and being receptive to regulatory guidance, with keen observance of all Shareholders` wishes and aspirations.
Once again, I would like to pay tribute to our esteemed Shareholders, the Regulatory Authorities, and stakeholders in general, for the support we have received over this transformative and fulfilling year.
We are deeply grateful for their unwavering faith in NICOL`s future and we look forward to an exciting and more rewarding 2023.

Gideon H. Kaunda (PhD)
BOARD CHAIRMAN

CPA. ERASTO G NGAMILAGA
CHIEF EXECUTIVE OFFICER

CHIEF EXECUTIVE OFFICER'S REPORT

Our Journey to rejuvenate sustainable growth is well on track

Strong growth with
Strengthened portfolio

BUSINESS OVERVIEW

In year 2021, we set out our strategy for rejuvenating sustainable growth in investment value and improving shareholders returns and outlined our medium and long -term financial targets. Our main objective has been to trigger accelerated revenue growth to a double-digit level, and to deliver increased revenue through well-diversified investment portfolios in the next five years.

Looking at the state of the National Investments Plc today, we are operating from a position of strength on both an absolute and relative basis. However, we have often reneged on this position in the face of unexpected diversions elsewhere and sporadic challenges. Principally, we are intensely focused on where we can provide more shareholders` economic benefits by expanding our capabilities and harnessing discernible opportunities within Tanzania and globally. With our experience in the past two years, we cannot delude ourselves with untested assumptions lest we fall unwisely into the abyss of high risks. Consequently, as we embrace a prudent and cautious approach, we fully intend to appraise all prospects in various business scenarios in order

CHIEF EXECUTIVE OFFICER'S REPORT

to apprise the Board to embrace investment projects which meet the highest level of scrutiny.

Looking forward, we have set out the following guiding principles in attaining our strategic priorities and attaining shareholders` investment value:

1) Enhanced financial performance to guarantee shareholders returns on investment value.

2) Creating a well-balanced portfolio mix through diversification.

3) Leveraging on investment products and new ideas to drive growth and maintaining agility;

4) Introducing measures to become a preferable investment destination.

5) Protecting our shareholders and the Company through a strong risk control mechanism.

ITS ALL ABOUT THE LONG TERM

We fundamentally believe that the medium to long term measures which embrace prudent planning and well evaluated investment ventures should invariably culminate in financial benefits and investment value to our shareholders. This value will partly be a direct result of our ability to extend and solidify our current market leadership position as a ***Renowned Collective Investment Scheme***. The stronger position of our market leadership clearly demonstrates a more powerful economic model. The opportunity we have in

CHIEF EXECUTIVE OFFICER'S REPORT

> AS A RESULT OF THIS PROACTIVE APPROACH, WE TOOK DETERMINED STEPS TO DELIVER OUR PROMISE IN INCREASING SHAREHOLDERS' INVESTMENT VALUE AND RETURNS THROUGH DIVERSIFICATION OF OUR INVESTMENTS PORTFOLIOS, IN ORDER TO ACHIEVE SUSTAINABLE GROWTH.

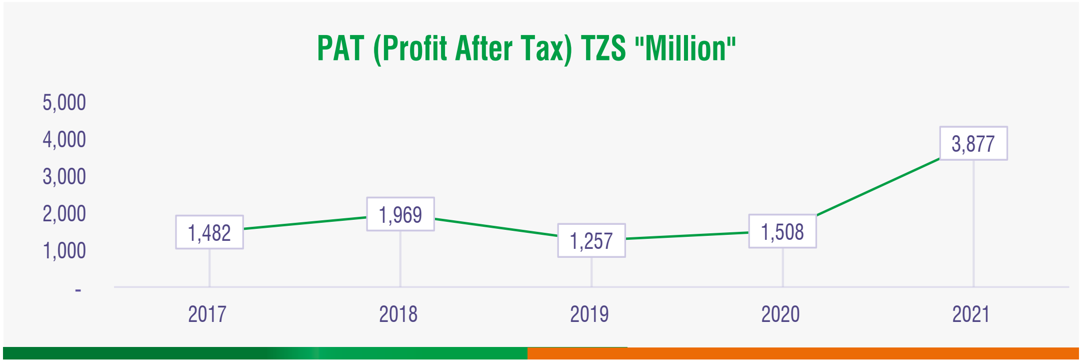
controlling the economic activities can translate directly into higher revenue, higher profitability, greater capital velocity, and correspondingly stronger returns on invested capital.

And as part of this approach, we intend to capitalize on two major shifts; performance and sustainability, as evidenced by the growing trend of dividend payments and profit after tax (PAT) throughout the last five years. We will continue to measure the effectiveness of our existing investments analytically, to jettison those which do not generate acceptable or reasonable returns, and to step up our investments in those that work best for the company.

SUSTAINABLE PERFORMANCE

In 2021, we delivered and achieved strong financials and continue to improve overall the affairs of the company as elaborated in the current Annual Report. Our company's PAT (Profit After Tax) grew by 154% (YoY) from TZS 1.508 billion recorded in year 2020, to TZS 3.877 billion in year 2021. Basically, we improved our investments portfolio by diversification of equity by purchasing Government Bonds with promising higher returns, as a result we were able to attain a significantly positive increase in interest income from TZS 52 million recorded in year 2020 to 1.336 billion in year 2021.

CHIEF EXECUTIVE OFFICER'S REPORT



As a result of this proactive approach, we took determined steps to deliver our promise in increasing shareholders' investment value and returns through diversification of our investments portfolios, in order to achieve sustainable growth. As a result of this diversified investment in Government Bonds, our level of investment revenues has increased from TZS 1.093 billion in year 2020, to TZS 15.400 billion in year 2021.

There was nevertheless the downside of the COVID-19 pandemic which negatively impacted our equity investment value by TZS 8.429 billion, arising from the declining share price at the Dar Es Salaam Stock Exchange (DSE), particularly affecting the substantial shares we hold in NMB when the price declined from TZS 2,340 to 2,000 per share.

SHARE PERFORMANCE

Our share price at the Dar Es Salaam Stock Exchange (DSE) currently trade at TZS 350 per share. However, the book value of NICOL shares stands at TZS 1,450 per share. The share value assessment makes our company attractive to investors.

STRATEGIC HIGHLIGHTS

Our business performance and operations continue to be guided by goals outlined in our 2020 Vision and Five-Year Strategic Plan. The plan contains three key areas namely; strengthening investment portfolios with the objective of reducing dependence on dividend income by strengthening our revenue streams through diversification, thereby increasing returns, operational efficiency, and attaining enhancement of good corporate governance which translates into a good foundation for business growth.

OPERATING HIGHLIGHTS

Investment in Tanzania Meat Company Limited (TMCL)

As we reported in the 7th Annual General Meeting, TMCL is a subsidiary

CHIEF EXECUTIVE OFFICER'S REPORT

of National Investment Plc with 51% and 49% owned by NARCO, whose assets were confiscated on 27th December 2019 by the Government through the Ministry of Livestock and Fisheries, thus Management of TMCL was put under the Ministry, by this action therefore, NICOL lose control over the Management of TMCL. However, this move was rigorous contested by NICOL because it was against the company law and procedure.

We Reported that in 2008, NICOL had invested a total sum of TZS 1.3 billion through purchase of TMCL assets and in additional, on the basis of relations and support its cash flow crisis, on different intervals since year 2010 to 2020, a loan support to the tune of TZS. 1,376,940,664 was granted to TMCL for unspecified period at zero interest rate, in order to support the operation of activities of TMCL.

Due to TMCL poor performance the recovery of the above amount was unpredictable and hence the entire investment amount in assets and loan were fully provided for in NICOL's financial statements while recovery measures is executed.

Considering the circumstance and the risks associated to TMCL Liabilities and the existing nature of various litigations, management took various exist initiative including.

a) Report the matter to the shareholders in the 7th Annual General Meeting where by the Shareholders approved NICOL exist plan in TMCL.

15.4Bs TZS +

Our level of investment revenues has increased from TZS 1.093 billion in year 2020, to TZS 15.400 billion in year 2021.

b) Formal exist plan through BRELA, however NARCO rejected exit offer.

c) Attempt Court procedures to enforce NICOL exit and

d) Various negotiations and discussions with the Ministry of Livestock and Fisheries in Dodoma

In order to facilitate an exit plan, NICOL had initially offered NARCO a free transfer for the payment of only one hundred shillings in consideration of the entire NICOL Investment in TMCL and the outstanding loan amount remain payable as other TMCL creditors. However, NARCO decline the offer.

In the cause of executing the shareholders directives, the Ministry of Livestock and Fisheries through the acting Permanent Secretary

CHIEF EXECUTIVE OFFICER'S REPORT

Dr. Charles E Mhina, initiated the negotiation settlement between NICOL, NARCO and the Ministry, the main agenda being NICOL exit in TMCL. During the negotiation discussions, it was mutually understood as follows.

i) That NICOL agrees to transfer the 51% interest in TMCL to NARCO

ii) That the said 51% share transfer will be transfer as gift in consideration thereof.

iii) That in consideration of NICOL's good intention to amicably settle the matter, and the offer to transfer its 51% ownership at one shilling on the condition that the loan amount outstanding of TZS 1,376,940,664 be recovered in full.

iv) The payments modality and time-frame shall be agreed by both parties.

On 7th October 2022, through the Ministry of Livestock and Fisheries offered payment of only TZS 679,233,999.01 for fully settlement of the total amount due of TZS 1, 376,940,664. The Board is in the view that the amount offered couldn't be justified and hence requiring further negotiations.

UPDATE ON COURT CASES;

Since the inception of new management, NICOL has been subjected to numerous Court Cases, most of which were frivolous and vexatious. Unfortunately, these cases were instigated by the dismissed NICOL Chairman as well as his colleagues and friends who also happened to be shareholders. So far NICOL has won all the cases which have been decided upon, although there are still a number pending, albeit fewer new filings in the past year than the original number. It is noted that none of the new cases poses serious concern to NICOL as regards the normal activities of management or major disruption of routine functions. The newly filed cases are mostly confined to personal claims and the relief sought in relation to employment severance and basic pay remuneration, as elaborated herein below.

EXECUTION NO 405 OF 2018.

Execution No 405 OF 2018.
Kathleen Armstrong Vs National Investments Company Limited

In this matter Kathleen Armstrong, the former Chief Executive (CEO) of NICOL, on 24th June, 2011, fraudulently procured a Deed of Settlement which she filed with the Commissioner for Mediation and Arbitration (CMA), committing NICOL to pay the sum of United

CHIEF EXECUTIVE OFFICER'S REPORT

States Dollars 261,383, equivalent to Tanzania shillings 600,000,000/= and consequently obtained a Garnishee Order absolute to proceed with execution. The said deed of execution was signed when the former NICOL Board and the Chief Executive Officer were already under suspended by the Capital Markets Authority (CMSA) for performance failure. Management is happy to report that the Execution Proceedings filed by Ms. Kathleen Armstrong by way of attaching and sale of NICOL shares in the NMB Bank has been vacated by the High Court, pending determination of proceedings challenging the legality of the alleged Consent Award before the Commissioner for Mediation and Arbitration (CMA). Consequently, for the present time NICOL is free from the threat of the Attachment Order. Management will continue to be vigilant in ensuring that all necessary steps are taken to protect the interests of NICOL Shareholders.

Land Case No 29 of 2018.

Twiga Feed Limited & Abcon Chemicals Limited Versus National Investments Limited.

The plaintiffs in this case claims that the sum of TZs 580,000,000/= advanced to them by NICOL in 2010 was a payment to the Plaintiffs in respect of NICOL's subscription to a joint investment project and therefore it was not a loan to the second Plaintiff. On 23rd June 2021, the High Court determined that the amount received by the Plaintiff was in fact a loan and thus delivered a Judgement in favor of NICOL for a total sum of TZs 1,832,800,000/=, comprising of the principal sum and interest. The Court also ordered that Court Brokers be appointed to attach the Plaintiffs` properties which were pledged as security in order to recover the decretal amount. The process of execution is underway.

CONSTRUCTION OF NICOL'S BUILDING

On 2018, shareholders were informed that, we succeed to purchase a semi-finished building located at Msasani Peninsula, Plot 818 for the purpose of constructing NICOL's commercial building whereby large part of it will be rented and partly be allocated for NICOL offices. We anticipate that apart from revenue generation, the building is expected to drive our agenda in strengthening NICOL's image and visibility to the public.

We are now in the finalization stage in procuring competent contractors for the construction of the building to start by beginning of year 2023.

LOOKING AHEAD

I am very optimistic about the future of National Investments Plc (NICOL). Our five strategic priorities for the year ahead include growth, operational excellence, financial strength, and sustainable development. I am dedicated and focused on fulfilling this strategy in 2022 and beyond. I take pride in our successes and acknowledge our ability to adapt to the fast-changing investment environment. Our goal to become key player in national economy and a partner in contributing to the growth of our national economy, while creating sustainable value for our shareholders remains firm and clear. Despite operating in a challenging environment, we have consistently delivered increased profitability to the shareholders.

For the next five years, we shall continue to put more efforts to increase income and value to our shareholders by identifying new investment ventures that may cause great improvements to the existing portfolio. Meanwhile we are focusing on investing in the following areas:

- Investment in the Gas Sector- through establishment of gas refilling and convention stations for vehicles (CNG) and the distribution and storage of domestic cooking gas.
- Investment in the Modern Real Estate Businesses - establishment of business parks, shopping malls, raw land development, investment in the construction of modern hostels for university students in partnership with Universities.
- Fund Mobilizations through establishment of bond funds, cross relisting of NICOL shares, and unit fund schemes.
- Investment in the processing and establishment of storage facilities of agricultural products.

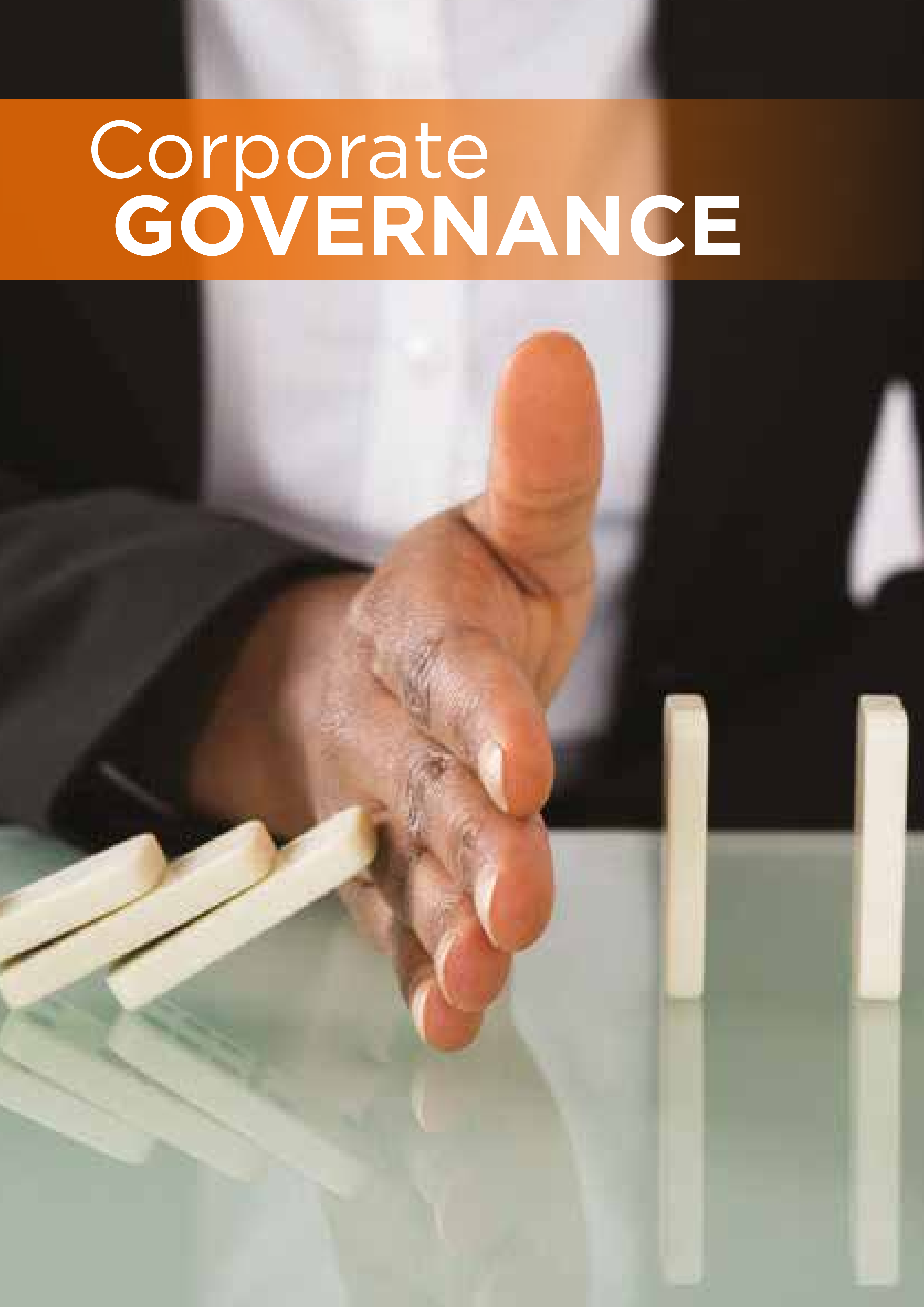
We are proud to fulfill our investment diversification goals in the Government Bonds (G-Bond) and achieve 30 percent target of TZS 32 billion investment, this achievement will translate to increasing of interest income by 50% (TZS 4.4 billion) compared to previously earnings in the dividend income (TZS 2.352 billion).

I would like to thank all our Shareholders, investors and in particular Regulatory Authorities for their continued trust and support in our business.

I look forward to an exciting year ahead.

Erasto G Ngamilaga
Chief Executive Officer

Corporate
GOVERNANCE



The Board of Directors ("Board") of National Investments Plc oversee governance as promoting strategic decision making that balances short, medium, and longterm outcomes, and safeguarding interests of the Organization, and the society in which we operate to create sustainable shared value. Directors have a statutory duty to promote the success of the Company for the benefit of its stakeholders.

In promoting the success of the Company, Directors must have due regard to the long-term consequences of their decisions, the legitimate interests of employees, the need to foster effective business relationships with shareholders and various other stakeholders, the impact of the Company's operations on the community we operate, and the desire to maintain a reputation for high standards of business conduct.

OUR CORPORATE GOVERNANCE FRAMEWORK ENABLES THE BOARD TO **OVERSEE THE STRATEGIC DIRECTION** OF THE ORGANIZATION, FINANCIAL GOALS, RESOURCE ALLOCATION, RISK APPETITE AND TO HOLD THE **EXECUTIVE MANAGEMENT ACCOUNTABLE** FOR EXECUTION.

The Board is committed to ensuring that company complies with the laws, regulations and standards applicable to it. The Board ensures that high standards and practices in Corporate Governance and more specifically the principles, practices and recommendations set out under the Code of Corporate Governance Practices for Listed Companies, 1994 (CMSA Principles of Good Corporate Governance Practices), are adhered to.

The Board believes that good corporate governance is the core driver of sustainable corporate performance and creates shared value by ensuring the right balance between organizational growth and long - term stakeholder value. The Board of Directors at NICOL, regularly reviews its corporate governance arrangements and practices and ensures that the same reflects evolving good corporate governance norms, the developments in regulation, best market practice and stakeholder expectations. Our corporate governance framework enables the Board to oversee the strategic direction of the organization, financial goals, resource allocation, risk appetite and to hold the executive management accountable for execution.

GOVERNANCE STRUCTURE

Governance framework

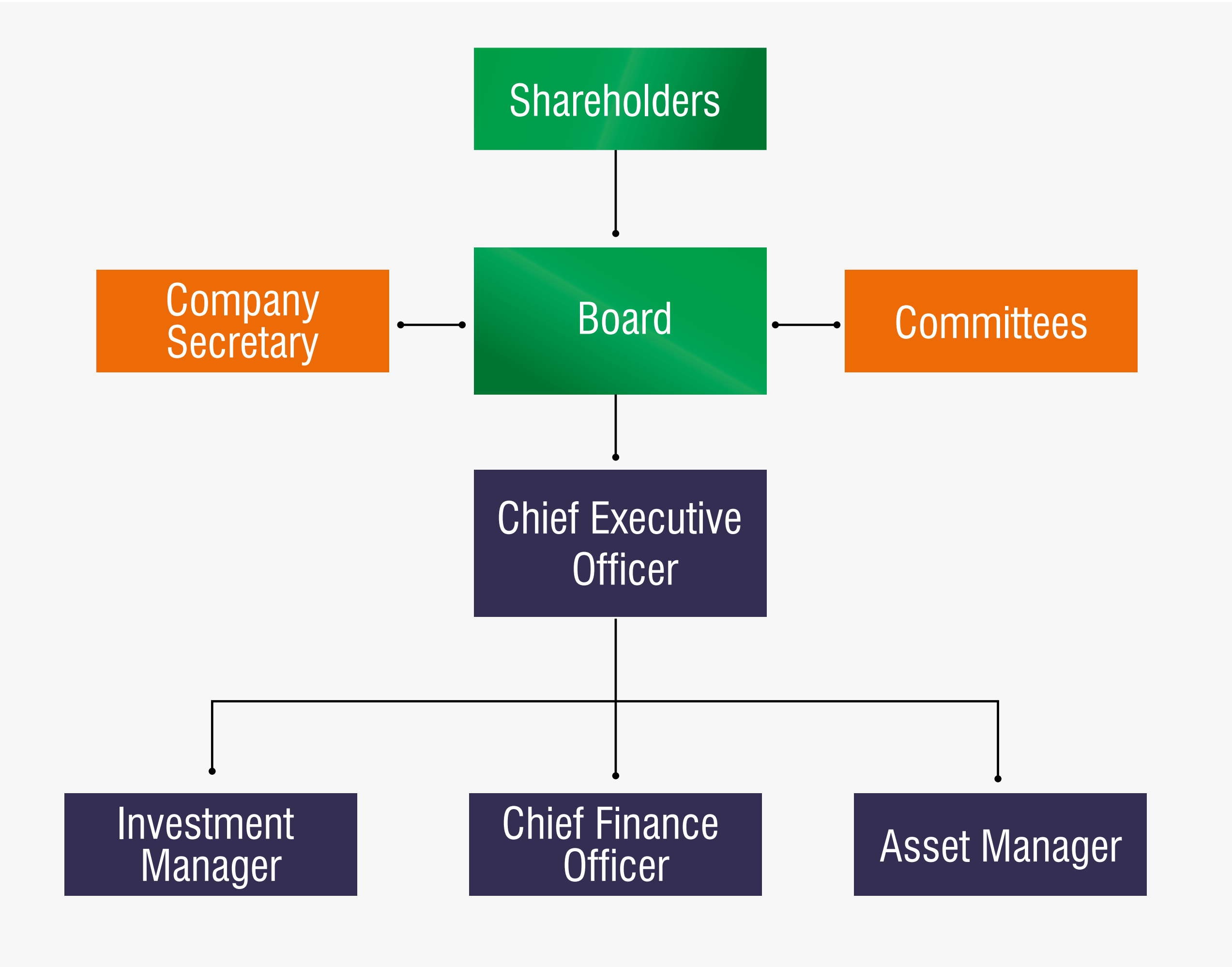
NICOL operates within a clearly defined corporate governance framework which provides for delegation of specific mandates (as may be necessary) and clear lines of responsibility without abdicating the responsibility of the Board. Through the framework, the Board sets out the strategic direction of the company while entrusting the day-to-day management of the business and the implementation of the Company's strategy to the Management Team led by the Chief Executive Officer ("CEO"). The Board operates through three committees

mandated to review specific areas and assist the Board undertake its duties effectively and efficiently.

These Board Committee are as follows:

- Board Executive Committee
- Board Investment and Financing Committee
- Board Audit and Risk Committee

The fundamental relationships between the shareholders, Board Committees and Executive Management is illustrated below:



The Board Charter is regularly reviewed by the Board and provides for a clear definition of the roles and responsibilities of the Company's Chairman, directors as well as the Company Secretary. The roles and responsibilities of the Company Chairman and the Chief Executive Officer are separate and distinct with a clear division of responsibility between the running of the Board and the executive responsibility of strategy execution and running of the business

THE BOARD

National Investments Plc is governed by a Board of Directors ("The Board"). The appointment of directors is regulated by the Memorandum and Articles of Association of the Company, as well as the guidelines issued by the Capital Markets and Securities Authority, pursuant to the Capital Markets and Securities Act 1994, respectively. All Shareholders regardless of percentage of shares held, have the right to nominate any person to become director of the Company. The names are presented to the Annual General Meeting (AGM) for approval.

The Board is accountable to the shareholders for the overall Company's performance and is collectively responsible for the long-term success of the company. The Board is responsible and accountable for providing effective corporate governance, direction and control of the company. The directors have a duty to exercise leadership, enterprise, integrity and judgment based on transparency, fairness, accountability and responsibility.

BOARD'S ROLE AND DIRECTORS' RESPONSIBILITIES

The Board, led by the Board Chairman, is responsible among other matters for:

- The Board is the ultimate decision-making body of the Company.
- The Board is responsible for establishing sound system of internal control for the Company.
- The Board is responsible for overseeing the corporate governance framework.
- The Board is responsible for adoption of strategic plans, policies, monitoring the operational performance, and processes that ensure integrity of the Company's risk management and internal controls.
- The Board is responsible for establishing clear roles and responsibilities in discharging its fiduciary and leadership functions.
- The board is responsible for ensuring that management actively cultivates a culture of ethical conduct and sets the values to which the institution will adhere.
- The Board is responsible for ensuring that the strategies adopted promote the sustainability of the company.
- The Board is responsible for establishing policies and procedures for effective operations of the Company.

- The Board shall establish an appropriate staffing and remuneration policy including the appointment of the Chief Executive Officer and the senior staff as may be applicable.
- The Board is responsible for ensuring cognizance is taken by management of all applicable laws, regulations, governance codes, guidelines and regulations and establishing systems to effectively monitor and control their compliance across the Company.

SEPARATION OF ROLES AND RESPONSIBILITIES

The role of Board Chairman is separate from that of the Chief Executive Officer. There is a clear division of responsibilities between the leadership of the Board by the Board Chairman, and the executive responsibility for day-to-day management of the Company's business, which is undertaken by the Chief Executive Officer.

Chairman	▪ Responsible for leading the Board, its effectiveness and setting high governance standards ▪ To ensure effective communication with shareholders and, where appropriate, the stakeholders. ▪ Upholding rigorous standards of preparation for meetings, and ensuring that decisions by the board are executed
Chief Executive Officer	▪ Responsible for the executive responsibility for day-to-day management of the company's business ▪ Recommending strategy to the Board and ensuring that the strategic objectives and Board's directives are implemented through the Board Executive Committee.
Non-Executive Directors	▪ Responsible for ensuring that the company has in place proper internal controls as well as a robust system of risk management. ▪ To support the development of proposals on strategy, hold management to account and ensure that they discharge their responsibilities properly, while creating the right culture to encourage constructive challenged
	▪ Provides support and guidance to the Board in matters relating to governance and ethical practices. ▪ Also responsible for induction programs of new directors, keeping board members abreast of relevant changes in legislation and governance principles ▪ In support from the Chairman, prepare Board meetings agenda and be custodian of the Board minutes.

BOARD DIVERSITY

The Board considers the diversity of views and experiences as essential for ensuring that all aspects of strategies and plans are fully considered. The combination of backgrounds and experience at the Board ensures that there is a balance of power that stimulates robust challenge and debate such that no individual or group can dominate board processes or decision-making. This is important for sustainable stakeholder value protection. In the Annual General Meeting, shareholders approved to adjust number of existing directors to seven, and on 14th May 2022, at its Extra Ordinary Shareholders Meeting, shareholders approved appointment nomination of five new members to join the Board, these new members acquired different vast experience in leadership and other sectors.

BOARD NOMINATION, APPOINTMENT, AND RE- ELECTION OF DIRECTORS

The current Board structure comprises of seven non-executive Directors including the Board Chairman. The Board determines its size and composition, subject to the Company's Articles of Association, Board Charter and applicable law. The Board composition is driven by the following principles:

- The Board must comprise of independent non-executive directors.
- The Board should consist of directors with a broad range of skills, experience and expertise and be from a diverse range of backgrounds.
- The Chairman of the Board must be a non-executive director. Appointment of the Chairman will be made by the Shareholders as recommended by the Board members in the Annual General Meeting. The Chairman of the Board is also the Chairman of any Shareholders meeting.

The Board executive committee is responsible for recommending the procedure for the selection of new directors, the proposed criteria for the selection of candidates with reference to current mix of skills, knowledge and experience.

The committee identifies and nominates a shortlist of candidates and may engage the services of a professional intermediary to assist in identifying and assessing potential candidates. The preferred candidates meet with the members of the executive committee before a final decision is made. Prior to confirmation of appointment, all Directors are required to pass Proper requirements set out by the Capital Market and Securities Authority. The key terms and conditions of a director's appointment are documented in a letter of appointment.

BOARD INDUCTION AND TRAINING

All newly appointed non-executive Directors participate in an induction program. The induction program which is coordinated by the Company Secretary includes a series of meetings with other Directors, the Chief Executive Officer, and senior executives to enable new Directors familiarize themselves with the business. Directors also receive comprehensive guidance from the Company Secretary on Directors' fiduciary duties, and responsibilities as well as liabilities.

All Directors are expected to maintain the requisite skills and demonstrate ethical standards to carry out their obligations. The Chairman regularly reviews the professional development needs of each Director. The program of continuing education ensures that the Board is kept up to date with developments in the industry both locally and globally.

To ensure the Board is updated, the company will arrange the following trainings:

- Board Leadership & Corporate Governance Masterclass Africa
- Effective Audit Committees
- Board Directorship October 2023 organized by Institute of Directors Tanzania (IoDT).

BOARD COMPOSITION

NICOL is committed to ensuring the overall effectiveness of the Board and that it achieves the appropriate composition and balance of directors. The Board comprises a majority of independent non-executive directors who bring a diversity of skills, experience, and knowledge to the discussion, and play an important role in supporting the Board. The non- executive Directors are expected to have a clear understanding of NICOL strategy as well as knowledge of the collective investment scheme and the operating market. The aggregate mix of skills and experience of the Directors seeks to bring about individual and collective competence requisite in fostering robust and constructive debate, augments and challenges the strategic thinking of the executives thereby adding value to the company.

BOARD ATTENDANCE

The Board held 11 meetings during the year 2021. The attendance of Directors at Committee meetings is displayed within the individual committee reports. The Directors who served during the year and their attendance at Board meetings are set out in the table below:

DIRECTORS

NAME	BOARD	BEC	BFAC	BINC
Dr. Gideon H Kaunda	11	8	n/a	1
Ms. Joyce N Nyanza	11	n/a	4	2
Eng. Peter D Chisawillo	10	8	n/a	2
Ms. Anna Baliyima	10	n/a	4	n/a

BOARD COMMITTEES

The Board places significant reliance on its committees by delegating a broad range of responsibilities and issues to them to achieve effective independent oversight and stewardship. It therefore remains crucial that effective linkages are in place between the committees and the Board as a whole, not least as it is impracticable for all independent non-executive directors to be members of all the committees. Mechanisms are in place to facilitate these linkages, including ensuring that there are no gaps or unnecessary duplications between the remit of each committee and overlapping membership between Board committees where necessary. Alongside interconnected committee membership, the Board receives documented summaries of each of the committee's meetings.

The Board has three standing committee namely, Board Executive Committee, Board Audit and Risk Committee and Board Investment Committee.

BOARD AUDIT AND RISK COMMITTEE

Members of the Audit Committee were as follows:-

NAME	DESIGNATION	MEETING ATTENDED
Ms. Joyce N Nyanza	Chairperson	4
Mr. George MJ Nchwali	Member	4
Ms. Anna Baliyima	Member	4

The Committee assists the Board in fulfilling its oversight responsibility relating to the integrity of the company's financial statements and financial reporting process, systems of accounting and financial controls; the annual external audit of financial statements, reporting and internal controls; performance of the Internal Audit, Risk Functions; compliance with legal and regulatory requirements; adequacy of the risk management function; the oversight responsibility on planning and conduct of audits to determine that the company's financial statements and disclosures are complete and accurate and are in accordance with International Financial Reporting Standards and applicable laws, rules and regulations.

Audit Functions: The BAC assists the Board by providing oversight of the Bank's financial reporting responsibilities including external audit independence and performance. The Audit Committee responsibilities include the following:

- Reviewing the quarterly and full- year statutory financial reports for recommendation to the Board.
- Reviewing significant accounting estimates and judgments used for the preparation of the financial reports.
- Advising the Board on the NICOL's financial reporting requirements to ensure that the Board has exercised oversight of the work carried out by management, and the external auditor.

- Reviewing and approving any new or proposed changes in the accounting policies.
- Monitoring developments in statutory reporting and accounting and disclosure requirements
- Reviewing the effectiveness of, and ensuring that management has appropriate internal controls over, financial reporting
- Reviewing and monitoring the relationship with the external auditor and oversees its appointment, tenure, rotation, remuneration, independence, and engagement for non-audit services.
- And overseeing the work of the Internal Audit and monitoring and assessing the effectiveness, performance, resourcing, independence and standing of the function.

BOARD EXECUTIVE COMMITTEE

COMMITTEE COMPOSITION

NAME	POSITION
Dr. Gideon H Kaunda	Chairman
Eng. Peter D Chisawillo *	Member
Eng. Gissima Nyamo-Hanga **	Member

*Engineer Peter Chisawillo's tenure ended on 2nd December 2021 and was not re-appointed.

** Engineer Gissima Nyamo_hanga was appointed as Director at the Extra-Ordinary Shareholders Meeting on 30th April 2022.

- The Committee assists the Board in fulfilling its oversight responsibilities in accordance with the Articles of Association of the Company.
- The Committee, which is a steering committee for the full Board, has an oversight role over the critical key issues of the Company, provide guidance, support and mentor Management during transitional periods as well as be involved in any crisis situation that may arise within the Company.
- It is the general intention that all substantive matters in the ordinary course of business are brought before the full Board for action and/or ratification, but the Board recognizes the need for flexibility to act on substantive matters where action may be necessary between Board meetings.

COMPANY SECRETARY

The company secretary is Mr. Benjamin Mwakagamba, and he provides support and guidance to the Board in matters relating to governance and ethical practices. He is also responsible for induction programs of new directors, keeping board members abreast of relevant changes in legislation and governance principles.

The Company Secretary is the custodian of all Board minutes for all committees and Board.

COMMUNICATION WITH SHAREHOLDERS

The company recognizes that effective communication with stakeholders is essential to good governance. Following the publication of its financial results, it engages with investors to present the results and answer questions accordingly. Shareholders are encouraged to attend the Annual General Meeting to be held on Saturday, 12th November 2022 and participate to discuss the affairs and development of the company.

GOVERNANCE AND LEADERSHIP

DIRECTOR'S PROFILE

NICOL

The Economic Shield of The Nation

NICOL BOARD OF DIRECTORS AND MANAGEMENT

MS. REHEMA TUKAI
Non-Executive Director

Ms. Rehema Tukai was appointed as Non-Executive Director of National Investments Plc and her appointment was approved in the NICOL Extra-Ordinary Shareholders Meeting held on 14th May 2022.

Rehema is a development expert with over 16 years in senior management roles focusing on institutional & partnership frameworks, programme management and developing organizational approaches to optimize delivery of results, monitoring and learning.

Rehema Tukai is consulting with KPMG Development Advisory since 2012, currently serving as Deputy Director for the Accountability in Tanzania Programme, a UKaid funded programme managed by KPMG Advisory. Prior to that she worked for REPOA, a national think tank focusing on policy research and advisory on economic development.

She brings experience on institutional governance from serving on a number of boards and committees. She is a Deputy Board Chairperson of REPOA and Board Treasurer for Voluntary Services Overseas in Tanzania and a member of the PPP Steering Committee.

She is an alumnus of University of Canberra in Australia and Institute of Social Studies at Erasmus University in the Netherlands and has expert qualification in Monitoring and Evaluation.

CPA GEORGE M. J. NCHWALI
Non-Executive Director

Mr. George MJ Nchwali was appointed as Non-Executive Director of National Investments Plc, his appointment was approved in the NICOL Extra-Ordinary Shareholders Meeting held on 14th May 2022.

CPA George M.J. Nchwali is an authorized Certified Public Accountant in Public Practice (CPA-PP). He holds Master of Business Administration (MBA) from University of Dar es Salaam, Certificate in Company Direction (IOD – UK) and a Diploma in Accounting.

He is an audit partner of BMF Associates and Chairperson of BMF Consult Ltd. He is a retired civil servant with more than 31 years of working experience in the fields of Financial, Management and Forensic Accounting and Investment Planning supplemented by Human Resources Management and Corporate Secretarial Services.

Worked as Director of Finance & Administration of the Rural Energy Agency (REA); Finance & Administration Manager of the National Examinations Council of Tanzania (NECTA); Rural Livelihood Development Company (RLDC) and Tanzanian & Italian Petroleum Refinery (TIPER). Also worked as General Manager, Chief Internal Auditor and Company Secretary of Tanzanian & Italian Petroleum Refinery (TIPER); Internal Auditor of VETA (Vocational Education and Training Authority), Internal Auditor at Agip Tanzania Ltd and a Tutor at Dar es Salaam School of Accountancy – Ministry of Finance.

At different times CPA Nchwali served as a Board member of the Energy and Water Utilities Regulatory Authority (EWURA), St. Joseph Millennium Secondary School, member of the Disciplinary and Education Committees of the Tanzania Association of Accountants (TAA) and is currently serving as a member of NICOL Finance and Audit Committee. He undertaken training in Advanced Issues in Regulating Electric and Water Utilities at the Institute for Public-Private Partnerships (IP3)-Washington, DC and Utilities Regulatory Studies Program (Camp NARUC) at the Institute of Public Utilities – Michigan State University (USA).

ENG. BONIFACE GISSIMA NYAMO-HANGA

Non-Executive Director

Eng. Boniface Gissima Nyamo-Hanga was appointed and became a Non-Executive Director of National Investments Plc, his appointment was approved in the NICOL Extra-Ordinary Shareholders Meeting held on 14th May 2022.

Eng. Boniface Gissima Nyamo-Hanga, currently working with Tanzania Buildings Agency (TBA) in its Dodoma Office responsible for overseeing proper operations of the New Debating Chamber of the Parliament.

Prior to that Eng. Boniface Gissima Nyamo-Hanga had worked with the Rural Energy Agency (2008 – 2019) where he held several Senior Positions including Manager of Technical Assistance, Director of Market Development & Technologies, Director General of the Rural Energy Agency & Chief Executive Officer of the Rural Energy Agency (REA) and the Rural Energy Fund (REF), and Secretary to the Rural Energy Board (REB).

From 2014 to 2015 Eng. Boniface Gissima Nyamo-Hanga served as the Chairperson of the CDM PoA Seller's Participants of Certified Emission Reductions (CERs), a Carbon Finance Partnership Facility (CPF) under the UNFCCC and the IBRD (World Bank) representing seller participants from Tanzania, Egypt, Morocco, Brazil, Thailand, Vietnam, Philippines and Sri Lanka.

From 2017 to 2020 Eng. Boniface Gissima Nyamo-Hanga served as a Member to the National Energy Advisory Platform to advice the Government of Tanzania on Energy for Social and Economic Development. In June 2021 he was appointed by the President of the United Republic of Tanzania to serve a three years term as a Member to the Fair Competition Tribunal (FCT).

He is a registered Professional Engineer with the Engineers Registration Board of Tanzania (ERB), a member of the Institute of Directors Tanzania (IoDT), Member of the Tanzania Institute of Arbitrators (TiArb), Member of Tanzania Accountants Association (TAA), Member of the International Solar Energy Society (ISES) and Member of the Project Management Institute (PMI) of US.

CPA OSWALD M. URASSA

Non Executive Director

CPA Oswald Urassa was appointed and became a Non-Executive Director of National Investments Plc, his appointment was approved in the NICOL Extra-Ordinary Shareholders Meeting held on 14th May 2022.

CPA Oswald Urassa studied Accountancy at the University of Dar es Salaam, Tanzania before joining the University of Birmingham, United Kingdom (UK) for his Master's in Business Administration (MBA). He is Certified Public Accountant and a fellow member of the local Accountancy Body (National Board of Accountants and Auditors- NBAA) as well as Tanzania Association of Accountants (TAA). He is Certified Commonwealth Corporate Governance Practitioner and Trainer. CPA Oswald has attended several short courses in the areas of financial reporting, corporate governance, auditing, risk management, capital markets, securities market risk management and performance auditing organized by the World Bank, International Finance Corporation (IFC), NBAA, Bank of Tanzania (BOT); BSE Securities Exchange (formerly Bombay Stock Exchange) – India; Centre for Corporate Governance in Kenya and University of Connecticut – USA among others. He has facilitated some consultancy assignments in the areas of risk management, strategic planning, corporate governance and preparation of Board Charter.

MS. KISSA VIVIAN KILINDU
Non-Executive Director

Kissa Vivian Kilindu was appointed as Non-Executive Director of National Investments Plc and her appointment was approved in the NICOL Extra-Ordinary Shareholders Meeting held on 14th May 2022.

Ms. Kissa Vivian Kilindu is an Assistant Director at the Prime Minister's Office. She has also worked as a Director at Tanzania Employment Services Agency and at the Bank of Tanzania as a Senior Computer Systems Engineer.

An MBA holder (Durham University – UK), Ms. Kilindu is an Engineer by profession holding a BEng. (Hons) Electrical and Electronic degree from the University of Greenwich (UK). Ms. Kilindu has over 20 years of extensive working experience in areas of Information and Communication Technology, Engineering and Management. Her passion is Cyber Security, and she is an ICT Professional Member of the Information and Communication Technologies Commission, Professional Member of the Engineers Registration Board (ERB) and Member of the Institute of Directors in Tanzania (IoDT).

Ms Kilindu serves as a Member of the Board of Directors of National Investments PLC (NICOL) Investment Committee and serves as a Member of the Board of Directors of Mwalimu Commercial Bank (MCB) where she is a Member of the Audit and Risk Committee. She also serves as a member of the ICT Steering Committee of the Public Service Social Security Fund (PSSSF).

She has previously served as a Member of the Board of Directors of Tanzania Electric Supply Company Limited (TANESCO) where she was a Member of the Audit, Corporate and Governance Committee.

EXECUTIVE MANAGEMENT

THE MANAGEMENT TEAM

ERASTO G NGAMILAGA
Chief Executive Officer

Mr. Erasto Gaudence Ngamilaga joined National Investments PLC in June 2017, after more than five years of service at the Serengeti Breweries Ltd as subsidiary of the DIAGEO a multinational company based in UK served in various senior leadership position including Credit Risk Manager and Supply Finance Manager. Before entrusted by the NICOL Board in the position of the Chief Executive Officer of NICOL, Ngamilaga was as the Chief Finance Officer of NICOL.

Prior to year 2017, Ngamilaga also served as the Deputy Chief Executive Officer of the National Investments PLC, where he brought significant impacts to the achievement in the re-listing of NICOL shares at the Dar Es Salaam Stock Exchange in year 2018. He also made significant impact in portfolio diversification in driving agenda for sustainability, increased returns, shareholders value and growth.

Ngamilaga career in Finance and Management spans over fifteen (15) years, covering Financial Accounting, Banking Operation, Project Management and control functions. He has immense experience in Strategic Management, Management, Transformational Leadership and Business Turnaround Strategy.

He has successfully led teams to deliver on various key areas that have helped to shape the required needs of the companies.

Earlier in his career, Ngamilaga worked for NMB Plc as the bank officer and later promoted as the Financial Analyst and selected to be part in leading transformation team (Sunrise Project) in the transformation of the NMB Bank.

In 2009, had to grow his career and was hired by the TanzaniteOne Mining Ltd as the Manufacturing Accountant and later promoted to the position of Finance Manager. He was then moved to Sumbawanga Agricultural and Animal Feed Ltd as the Finance Manager in 2011.

Ngamilaga is the Certified Public Accountant (CPA T) issued by the National Board of Accountant and Auditors (NBAA) and also holds a Master's Degree in Finance and Investments from Coventry University. He has also attended various Executive Development and Leadership programs, various NBAA seminars and other development programs.

Ngamilaga is the believer of positive change to bring about positive impacts to the owners of the Shareholders, to the people and to the national economy at large.

CPA EZEKIEL LOVILILO
Chief Finance Officer

Ezekiel Lovililo joined NICOL as the Chief Finance Officer in July 2022 and is responsible of organization's financial strategy, risk management and investment strategies by considering cash and liquidity risks.

Prior to joining NICOL, Lovililo was Chief Finance Officer at Britam Insurance Tanzania Limited where he oversaw finance, corporate treasury, strategy, corporate development, investor relations, property, and supply chain management functions. With over 7 years' experience in financial services industry, he brings in extensive knowledge in all finance-related operations such as those involved in treasury, tax, legal, HR, accounting, and investor relations. His extensive experience in providing direction of the financial strategic planning and tactical initiatives to accomplish goals brings in significant value to the company.

Lovililo is an Associate Certified Public Accountant (ACPA) issued by the National Board of Accountants and Auditors (NBAA) and holds a Diploma in International Public Sector Accounting Standards (IPSAS) issued by the National Board of Accountants and Auditors (NBAA). He also holds a Master's Degree of Science in Accounting and Finance from Mzumbe University. He also holds a Bachelor's Degree in Accounting and Finance from Mzumbe University. He has attended various executive programs and events as well as professional trainings.

Lovililo is a visionary leader with result-oriented mindset who believes in change and embraces it in a better way to reach a goal and add value to the shareholders.

DEOGRATIAS DARIO
Investment Manager

Deogratias Dario joined NICOL as the Investment Manager in April 2021. He has extensive knowledge and expertise in financial markets, portfolio management and project financing. He is responsible for development of strategic plans of the company's direction and analyse investment opportunities with potential to meet the company's financial and investment objectives.

Prior to joining NICOL, Deogratias worked in the stock brokerage and investment advisory industry for six years in various roles at CORE Securities Limited. Throughout his career he has accumulated a deep understanding of the Tanzanian capital market and attained strong requisites as an investment advisor.
Deogratias holds a MSc. in Finance and Investment from Coventry University and a Bachelor's degree in Economics and Finance from the Institute of Accountancy Arusha. He also holds the Securities Industry Certification from Capital Markets and Securities Authority (CMSA) in collaboration with the Chartered Institute of Securities and Investment, UK.

			Nationality
BOARD OF DIRECTORS	Dr. Gideon H Kaunda		Tanzanian
	Mrs. Joyce N Nyanza		Tanzanian
	Eng. Ladslaus M Salema (Deceased 11 May 2020)		Tanzanian
	Ms Anna John Baliyima		Tanzanian
MANAGEMENT	Kinoni A. Wamunza	CEO (Retired on 2nd February 2020)	Tanzanian
	Arphaxad G. Masambu	CEO (Up to 31 December 2020)	Tanzanian
	Mr. Erasto Ngamilaga	Chief Executive Officer	Tanzanian
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	50 Mirambo Street 3rd Floor, Mirambo House P.O. Box 7465 Dar Es Salaam Tanzania		
INDEPENDENT AUDITOR	**PKF ASSOCIATES TANZANIA** P. O. Box 7323 Dar Es Salaam Tanzania		
COMPANY SECRETARY	**MR. BENJAMIN S MWAKAGAMBA** 50 Mirambo Street 3rd Floor, Mirambo House Dar Es Salaam Tanzania		
PRINCIPAL BANKERS	**NMB BANK PLC** Bank House P.O. Box 9213 Dar Es Salaam Tanzania		
	DIAMOND TRUST BANK TANZANIA LIMITED Masaki Branch P.O. Box 115 Dar Es Salaam Tanzania		

CORPORATE INFORMATION

The Directors present their annual report and the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of the Company as of that date.

1. INCORPORATION

National Investments Public Limited Company (NICOL) is a publicly listed company incorporated in the United Republic of Tanzania under the Companies Act 2002 through certificate of incorporation No 41644 of 27 June 2001.

NICOL's registered office is on the 3rd Floor, Mirambo House, 50 Mirambo Street, P.O. Box 7465, Dar es Salaam, Tanzania.

2. PRINCIPAL ACTIVITY

The principal activity of the company is to invest in shares of listed and unlisted companies, Government bonds and other securities, and to establish and manage business enterprises in key sectors of the economy, such as manufacturing, financial services, telecommunications, agriculture, mining, and other service sectors.

3. SUBSIDIARIES

National Investments Public Limited Company previously owned two subsidiary companies as detailed below:

NAME OF COMPANY	% OF SHARE HOLDING	STATUS
Tanzania Meat Company Limited (TMCL)	51	To be Liquidated*
Tanzania Fisheries and Development Company Limited (TFDCL)	100	Wound up**

*On 27th December 2019, the Minister of livestock and Fisheries took over the ownership of the assets of TMCL and took control of the management of TMCL which actions resulted in NICOL losing control and the right to consolidate the financial statements of TMCL. Subsequently, Shareholders n the 7th Annual General Meeting resolved that the company takes all necessary steps to exit from Tanzania Meat Company Ltd. The company is in the final process of exiting TMCL.

**The activities of Tanzania Fisheries Development Company Limited (TFDC) were processing of Fish and its by-products for the export market. Due to its poor performance and dormancy for many years, the Board resolved that the company be liquidated, and its assets be disposed off. The company was voluntarily wound up on 19 June 2019.

4. BOARD OF DIRECTORS

The names of Directors who held office during the year and to the date of this report are as follows;

NAMES	DESIGNATION	DATE OF APPOINTMENT	NATIONALITY	STATUS
Dr. Gideon H Kaunda	Chairman	14-Apr-12	Tanzanian	(Reappointed on 28 July 2018)
Mrs. Joyce N Nyanza	Member	14-Apr-12	Tanzanian	(Retired on 3 December 2021)
Eng. Peter D Chisawillo	Member	02-Dec-17	Tanzanian	(Retired on 3 December 2021)
Ms Anna J Baliyima	Member	26-Oct-19	Tanzanian	(Appointed on 26 October 2019)
Mr. George MJ Nchwali	Member	11-Feb-22	Tanzanian	(Appointed on 11 February 2022)
Mr. Oswald Urassa	Member	11-Feb-22	Tanzanian	(Appointed on 11 February 2022)
Ms. Rehema A Tukai	Member	11-Feb-22	Tanzanian	(Appointed on 11 February 2022)
Ms. Kissa V Kilindu	Member	11-Feb-22	Tanzanian	(Appointed on 11 February 2022)
Eng. Boniface G Nyamo-Hanga	Member	11-Feb-22	Tanzanian	(Appointed on 11 February 2022)

Directors interest in the shares of the Company

The Directors who had an interest in the issued and paid up share capital of the Company as of year-end are as detailed below:

NAMES	NO OF SHARES
Dr. Gideon H Kaunda (Chairman)	19,752
Mrs. Joyce N Nyanza (Member)	30,000
Eng. Peter D Chisawillo	10,770

5. SHAREHOLDERS OF THE COMPANY

The following is a list of the shareholders of NICOL. NICOL has an authorized share capital of TZS 200 billion divided into 1.6 billion shares of TZS 125 each, individuals who owned 0.5% or more of the shares of the Company as of year end were as follows:

	%	2021 Number of shares	%	2020 Number of shares
Public Service Social Security Fund	9.2%	5,666,670	8.2%	5,666,670
David Lang Ross	2.6%	1,604,663	2.3%	1,560,373
Ernest Saronga Massawe	1.3%	808,000	1.2%	808,000
Tanzania Posts Authority	1.3%	800,000	1.2%	800,000
East Africa Fuel Company	1.3%	800,000	1.2%	800,000
Tim Sandeman Staermose	1.3%	784,500	1.1%	784,500
Mark William Njiu	1.2%	716,000	1.0%	716,000
Maheboob Jafferali Ramji	0.8%	499,980	0.6%	411,970
General public	81.0%	49,955,021	83.3%	57,617,657
	100.0%	**61,634,834**	**100.0%**	**69,165,170**

6. STOCK EXCHANGE INFORMATION

The company is listed on the Dar es Salaam Stock Exchange (DSE). It's share price as at 31 December 2021 was TZS 300 (2020: TZS 185). The market Capitalization as at 31 December 2021 was TZS 18,490,450,200 (2020: TZS 12,795,556,450).

Stock price changes are affected by the demand and supply of shares in the stock market. Changes in economic conditions, regulations and accounting standards can have an impact on corporate profits, which would result in stock price changes on at least a temporary basis.

7. GOING CONCERN

In 2021, the Company realized a net profit of TZS 3.872 billion (2020: TZS 1.508 billion).

The Company held investments in quoted instruments with a carrying value of TZS 57.203 billion (2020: TZS 80.997 billion) and treasury bonds with a carrying value of TZS 15.4 billion (2020: TZS 1.093 billion). The decrease in value of quoted shares arose due to decrease in the quoted NMB bank share price from TZS 2,340 as at at 31st December 2020 to TZS 2,000 at 31st December 2021 and also the disposal of 6,600,000 shares held in NMB PLC for TZS 11.220 billion, which was reinvested in government bonds which have considerably higher returns of approximately 15.5% comparing to an average of 5% returns from dividend income. The quoted instruments can be readily liquidated in order to settle the company's finance obligations as and when they fall due. The realization of assets and settlement of liabilities will occur in the ordinary course of business, consequently, these financial statements have been prepared on the going concern basis.

During the year 2021, the revenue of the company increased from TZS 3.559 billion to TZS 5.689 billion. This was mainly attributed to increase in interest income received from Government bonds of TZS 1.237 billion and devidend income increase of TZS 548 million. The profit before tax increased from TZS 1.683 billion to TZS 4.245 billion.

Key performance indicators	FY 2021	FY 2020
Revenue (TZS)	5,689,948	3,558,578
Gross profit (TZS)	4,110,220	1,683,367
Gross profit margin (%)	72%	47%
Profit for the year (TZS)	3,876,987	1,508,055
Net profit margin (%)	68%	42%
Net assets (TZS)	73,118	82,858
Return on capital employed (%)	5.6%	2.0%

The Board is implementing investments portfolio diversification in order to boost and improve profitability of the Company as advised by the shareholders during the 5th Annual General Meeting. 6.6 million NMB shares were disposed off during the year, the realized proceeds of TZS 11.22 billion was invested in the Government Bonds taking advantage of the higher yields in the Government Bonds market.

The results for the year are set out on page 12.

8. DIVIDENDS

During the year, the Directors recommended payment of a final dividend of TZS 17 per share (2020: TZS 10) amounting to TZS 1,047,792,178 (2020: TZS 477,720,000) out of the profits for the year 2021 and 2020 respectively.

9. STATE OF AFFAIRS

The Company's state of affairs as at 31 December 2021 is set out on page 13 of these financial statements.

10. ADMINISTRATIVE MATTERS

The Company administrative matters are handled by the Board of Directors with delegated responsibility to management.

11. EMPLOYEES MATTERS

Management/employee relationship

Management/employees relationship continued to be good during the year. The Company's employment terms are reviewed annually in consultation with the workers to ensure they continue to meet statutory and market conditions.

The Company communicates with its employees through regular management and staff meetings and through circulars and an in-house newsletter, which is published quarterly.

A training program is drawn up every year to cater for all grades of staff. Training is mainly conducted in-house. However, external institutions are used for specialized and executive training programs.

Retirement benefits

All eligible employees are members of the National Social Security Fund. The Company and staff each contribute 10% of the employees' gross salary. The Company has no further legal or constructive obligation to pay further top-up contributions.

Medical assistance

All staff and their dependents (spouse and up to four children) are availed medical services by the Company through an external service provider. Currently, the staff obtain medical insurance services provided by the National Health Insurance Fund (NHIF).

12 .RELATIONSHIP WITH STAKEHOLDERS

The Company continued to maintain good relationships with all stakeholders including regulators

The board and management recognize that effective communication with stakeholders is essential to good governance. Following the publication of its financial results, the Company engages with investors to present the results and answer questions accordingly. Shareholders are encouraged to attend the Annual General Meeting and participate in the decision making of the affairs of the Company.

13. CORPORATE GOVERNANCE

The Company is committed to the highest standards of corporate governance. Its governance structure is flexible enough to adapt to changes in the internal and external environment. The Company regularly reviews its processes, rules and regulations and structure with a view to ensuring the best performance and overall management of its business. The Company adheres to good standards and practices of corporate governance.

The Company's key aspects of corporate governance include:

The Board of Directors

The Directors are appointed by the shareholders at the Annual General Meeting for a term of four (4) years. The Directors are eligible for re-appointment as long as the appointment is approved by the shareholders. The Board is responsible and accountable to shareholders for ensuring that company complies with all relevant laws and the highest standards of corporate governance and business ethics.

The Board provides the overall strategic direction, reviews performance and takes material policy decisions. Responsibility for implementing strategy and the day to day operations is delegated by the Board to the Chief Executive Officer (CEO). The Board met regularly during the year to review all policy issues pertaining to operations and effectiveness of internal control and general financial matters.

Board Meetings

The Company is committed to the principles of effective corporate governance and recognizes the importance of integrity, transparency, and accountability. The Board has the following board sub-committees to ensure a high standard of corporate governance:

i. Board Executive Committee (BEC).

ii. Board Investment Committee (BIC).

iii. Board Finance and Audit Committee (BFAC).

During the year, the company held 11 board meetings, 9 Executive Committee meetings, 2 Board Investment Committee meetings and 4 Board Finance and Audit Committee meetings.

The following table shows the number of Board and Committee meetings held during the year and the attendance by directors.

DIRECTORS	BOARD	BEC	BFAC	BINC
Dr. Gideon H Kaunda	11	8	n/a	1
Mrs. Joyce N Nyanza	11	n/a	4	2
Eng. Peter D Chisawillo	10	8	n/a	2
Ms. Anna Baliyima	10	n/a	4	n/a

Training

To enable the Company to discharge its corporate governance obligations effectively, the Company has a Budget for training programs meant to equip its directors, management and employees with the best functional skills required in a modern corporate entity.

14. RISK MANAGEMENT

The Company's risk taking, as an integral part of business relies on optimizing the trade-off between risk and reward. In the course of conducting its business, the Company is exposed to a variety of risks, including credit, market, operational, strategic and reputation risk.

The Company's risk management approach is based on the premise that:

All risks must be identified and managed, and that the returns must be commensurate with the risks taken, relative to the company's risk appetite.

- The effectiveness of risk management processes is ensured through formal governance and comprehensive regular reporting processes in a well-defined control environment; and
- It is the responsibility of each individual, relative to their position, to identify themselves with the risk management policy to recognize real or anticipated risk and to take appropriate

Risk management is guided by several principles, the most important being:

- The assignment of appropriate responsibility and accountability for all risks and resulting returns;
- The adoption of a framework for integrated risk management which applies across all business units and all risk types for the protection of the company's reputation.
- Formal risk governance processes.

15. RELATED PARTY TRANSACTIONS

Details of transactions with related parties are disclosed in note 18 of the financial statements.

16. STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

a) There is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and

b) The person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

17. TERMS OF APPOINTMENT OF THE AUDITOR

PKF Associates Tanzania was approved the company's auditor for the year 2021 at the last annual general meeting. A resolution proposing the appointment of the auditor for the next financial year will be put to the Annual General Meeting.

18. RESPONSIBILITY OF THOSE CHARGED WITH GOVERNANCE

The board of directors accept responsibility for preparing financial statements which show a tue and fair view of the company's financial position and operations, in accordance with the applicable standards, rules, regulations and legal provisions. The directors also confirm that the directors report is compliance with the provisions of the requirements of the TFRS 1 and other statutory legislations relevant to the company.

BY ORDER OF THE BOARD

Dr. Gideon H Kaunda	**Mr. George Nchwali**
CHAIRMAN	**DIRECTOR**

11/05/2022

The Tanzania Companies Act, 2002 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for that year. It also requires the Directors to ensure that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company; that disclose, with reasonable accuracy, the financial position of the Company and that enables them to prepare financial statements of the Company that comply with International Financial Reporting Standards and the requirements of the Tanzania Companies Act, 2002. The Directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Tanzania Companies Act, 2002. They also accept responsibility for:

i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

ii. Selecting and applying appropriate accounting policies;

iii. Making accounting estimates and judgments that are reasonable in the circumstances;

The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Tanzania Companies Act, 2002.

In preparing these financial statements, the Directors have assessed the Company's ability to continue as a going concern. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 11/05/ 2022 and signed on its behalf by:

Dr. Gideon H Kaunda
CHAIRMAN

Mr. George Nchwali
DIRECTOR

DECLARATION OF THE HEAD OF FINANCE/ACCOUNTING OF NATIONAL INVESTMENTS PUBLIC LIMITED COMPANY

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

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing a true and fair view of the entity's position and performance in accordance with International Financial Reporting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors as detailed under the Directors Responsibility statement on the previous page.

In regard thereof, I Erasto G. Ngamilaga being the Head of Finance/Accounting of National Investments Public Limited Company hereby acknowledge my responsibility of ensuring that the Company's financial statements for the year ended 31 December 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

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

Signed by: ______________________ **Position: Chief Finance Officer**

NBAA Membership No.: **1878**
Date: **11 May 2022**

INDEPENDENT AUDITOR'S REPORT

PKF

PKF Associates Tanzania
Certified Public Accountants

Opinion

We have audited the Company financial statements of National Investments Public Limited Company, set out on pages 82 to 132 which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the Company's financial position as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) and the Tanzania Companies Act, 2002.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be a key audit matter to be communicated in our report.

Diversification strategies from equity investments to Government Bonds

During the year the company sold 6,600,000 NMB Bank Plc shares for TZS 11.22 billion and purchased a treasury bond with a face value of TZS 13 billion in line with the company's strategy of investment diversification bringing, the total investment in Government Bonds from TZS 1.093 billion in prior year to 15.4 billion and reducing the investment in equity investments from TZS 80.997 billion to TZS 57.3 billion.

How the key audit matter was addressed in the audit

We addressed this matter through review of the company investment policy, Board of Directors approval for the sale of shares and confirmation of receipt of the proceeds from the sale of shares. We further sought for confirmation for the Bank of Tanzania in respect of the additional investment in Government bonds and checked the computed of the loss on the sale of shares of TZS 4.224 billion recognised in other comprehensive income.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' report, the declaration of head of finance, and the schedule of expenditure but does not include the financial statements and our auditor's report thereon.

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

Responsibilities of Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and the requirement of the Tanzania Companies Act 2002, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Directors for the Financial Statements (continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit carried out in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

> IN OUR OPINION, THE ACCOMPANYING FINANCIAL STATEMENTS GIVE A TRUE AND FAIR VIEW OF THE COMPANY'S FINANCIAL POSITION AS AT 31 DECEMBER 2021, AND OF ITS FINANCIAL PERFORMANCE AND CASH FLOWS FOR THE YEAR THEN ENDED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS) AND THE TANZANIA COMPANIES ACT, 2002.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and based on the audit evidence obtained, assess whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities of the Company to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless the law or regulations precludes public disclosure of the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

Report on other matters prescribed by the Tanzania Companies Act, 2002

In our opinion the information given in the report of the directors on pages 76 to 80 is consistent with the financial statements.

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

we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

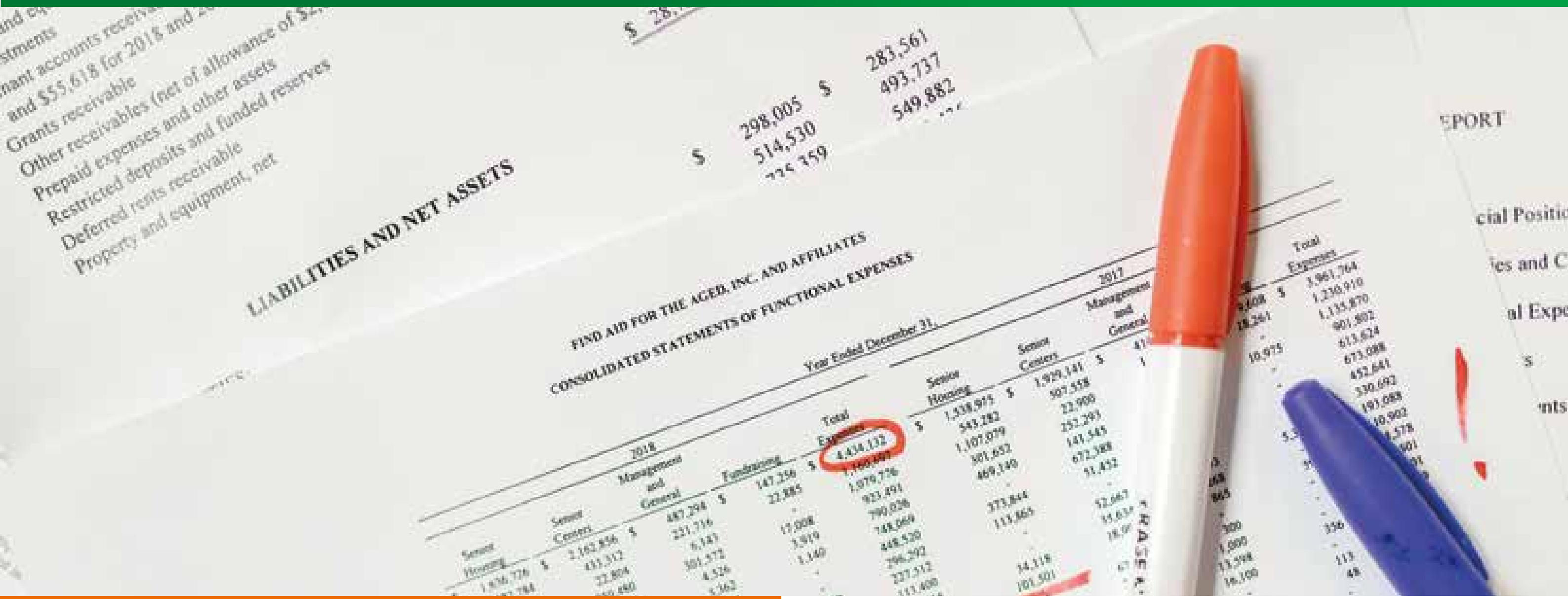
i. in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and

ii. the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Certified Public Accountant Tanzania
CPA Mustansir Gulamhussein, Practising certificate No. 1810
Signing partner responsible for the independent audit
PKF Associates Tanzania
Ref:PKF/A/N013/052/21/mg.
Ref:PKF/A/NO13/105/22/mg

Date: 11/05/**2022**

FINANCIAL
Statements



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2021 TZS '000	2020 TZS '000
Investment Income			
Dividend Income	2	4,354,438	3,506,248
Interest Income	2	1,335,510	52,330
Net investment income		**5,689,948**	**3,558,578**
Administrative expenses		(1,323,233)	(1,651,399)
Other operating expenses		(256,495)	(223,812)
Operating profit	**3**	**4,110,220**	**1,683,367**
Finance costs	5	(11,242)	-
Profit before taxation		**4,098,979**	**1,683,367**
Tax charge	6	(221,992)	(175,312)
Profit for the year		**3,876,987**	**1,508,055**
Other comprehensive income:			
Gain on property revaluation		-	-
Items that will not be reclassified subsequently to profit or loss:			
Reclassification adjustments relating to available for sale financial assets disposed in the year		-	-
Gain on disposed of equity instrument		-	-
- Fair value revaluation loss on equity instruments designated at fair value through other comprehensive income	19	(8,429,678)	(155,014)
- Loss on sale of equity investments	21	(4,224,000)	(677,672)
		(12,653,678)	(832,686)
Total comprehensive (loss)/income for the year net of tax		**(8,776,691)**	**675,370**
Dividend:			
- Interim dividend for 2021	7	(1,047,792)	(477,720)
Earnings per share:			
Basic and diluted earnings per share	10	63	22

Dr. Gideon H Kaunda
CHAIRMAN

Mr. George Nchwali
DIRECTOR

The notes on pages 86 to 132 form an integral part of these financial statements

Report of the independent auditor - page 76 to 80.

	Notes	2021 TZS '000	2020 TZS '000
Equity			
Share capital	8	7,705,604	8,645,647
Share premium	9	1,587,385	647,342
Retained earnings		15,115,417	2,016,622
Available for sale investments reserve		48,624,803	71,548,081
Equity attributable to owners of the company		**73,033,209**	**82,857,693**
Noncurrent liabilities			
Lease liabilities	11	31,822	-
		73,065,031	**82,857,693**
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	12	1,694,972	1,658,463
Right-of-use asset	13	95,787	-
Equity investments	19	57,123,378	80,997,056
Government securities	20	15,400,196	1,093,450
		74,314,333	**83,748,969**
Current assets			
Trade and other receivables	14	259,435	68,773
Cash and cash equivalents	15	636,834	769,106
		896,269	**837,879**
Current liabilities			
Lease liabilities	11	41,815	-
Trade and other payables	16	1,039,966	999,454
Dividends payable	7	1,063,790	729,701
		2,145,571	**1,729,155**
Net current liabilities		(1,249,302)	(891,276)
		73,065,031	**82,857,693**

The financial statements on pages 13 to 41 were approved and authorized for issue by the Board of Directors on **11 May 2022** and were signed on its behalf by:

Dr. Gideon H Kaunda
CHAIRMAN

Mr. George Nchwali
DIRECTOR

The notes on pages 86 to 132 form an integral part of these financial statements

Report of the independent auditor - page 76 to 80

STATEMENT OF CHANGES IN EQUITY

	Note	Share capital TZS'000	Share premium TZS'000	Available sale investments reserve TZS'000	Retained earnings TZS'000	Total TZS'000
Year ended 31 December 2021						
At start of year		8,645,647	647,342	71,548,081	2,016,622	82,857,692
Profit for the year:		-	-	-	3,876,987	3.876,987
Adjustment of share register		(940,043)	940,043	-	-	-
Other comprehensive income for the year, net of income tax:		-	-	-	1,199,016	1,199,016
Cumulative fair value gain disposed equity investments	21(b)	-	-	(10,269,600)	10,269,600	-
Loss in fair value of equity instruments designated at fair value through other comprehensive income	19	-	-	(8,429,678)	-	(8,429,678)
Loss on disposed equity investments	21	-	-	(4,224,000)	-	(4,224,000)
Transactions with owners:						
Dividends:						
Interim dividend for 2021	7	-	-	-	(1,047,792)	(1,047,792)
At end of year		7,705,604	1,587,385	48,624,803	15,115,417	73,033,209
Year ended 31 December 2020						
At start of year		8,645,647	647,342	74,195,526	(828,472)	82,660,043
Profit for the year:		-	-	-	1,508,055	1,508,055
Adjustment of share register						
Other comprehensive income for the year, net of income tax:						
Fair value of disposed equity investments	19	-	-	(1,814,759)	1,814,759	-
Loss in fair value of equity instruments designated at fair value through other comprehensive income	19	-	-	(155,014)	-	(155,014)
Loss on disposed equity investments	21	-	-	(677,672)	-	(677,672)
Transactions with owners:						
Dividends:						
Final dividend for 2020	7	-	-	-	(477,720)	(477,420)
At end of year		8,645,647	647,342	71,548,081	2,016,622	82,857,693

	Notes	2021 TZS '000	2020 TZS '000
Operating activities			
Cash from operations	17	2,684,879	670,739
Tax paid		(221,992)	(175,312)
Net cash from operating activities		2,462,887	495,427
Investing activities			
Cash paid for purchase of property, plant and equipment	12	(68,629)	(13,446)
Proceeds from disposal of equity investments	21	11,220,000	1,869,440
Government bonds income received		(648,788)	-
Interest received on fixed deposit	2	46,033	-
Interest income from government bonds (Note 2)	2	1,289,477	-
Net cash from/(used in) investing activities		11,838,093	1,855,994
Financing activities			
Cash paid for purchase of government bonds	20	(13,657,957)	(1,041,120)
Dividends paid to the owners of the company		(713,703)	(613,834)
Payments of principal portion of the lease liabilities	11	(61,592)	-
Net cash used in financing activities		(14,433,252)	(1,654,954)
(Decreases)/increase in cash and cash equivalents		(132,272)	696,467
Movement in cash and cash equivalents			
At start of year		769,106	72,638
(Decreases)/increase in cash and cash equivalents		(132,272)	696,467
At end of year	15	**636,834**	**769,106**

The notes on pages 86 to 132 form an integral part of these financial statements

Report of the independent auditor - page 76 to 80

1. 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.

These financial statements comply with the requirements of the Tanzania Companies Act, 2002. The statement of profit or loss and statement of comprehensive income represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

a) Basis of preparation

The financial statements are prepared under the historical cost convention except as indicated otherwise below and are in accordance with the International Financial Reporting Standards (IFRS).The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into consideration when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly: and
- Level 3 inputs are unobservable inputs for the asset or liability.

Transfer between levels of the fair value hierarchy are recognised by the directors at the end of the reporting period during which the change occurred.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Going concern

The financial performance of the company is set out in the Director's report and in the statement of profit or loss and the other comprehensive income. The financial position of the company is set out in the statement of financial position. Disclosures in respect of risk and capital management are set out in note 19 to 20.

Based on the financial performance and position of the company and its risk management policies, the Directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

i) New standards, amendments and interpretations adopted by the company

The company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

New standards, amendments and interpretations issued but not effective

At the date of authorization of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented:-

Amendments to IAS 1 'Classification of Liabilities as Current or Non-current (issued in January 2020), effective for annual periods beginning or after 1 January 2023, clarify a criterion for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date.

- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (issued in February 2021).

- The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, amendments and interpretations issued but not effective (Continued...)

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

- Amendments to IAS 8 'Definition of Accounting Estimates' (issued in February 2021), effective for annual reporting periods beginning on or after 1 January 2023, introduce a definition of 'accounting estimates' and clarify the distinction between changes in accounting estimates and change in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

- Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to IAS 37 'Onerous Contracts – Costs of Fulfilling a Contract' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022, specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

- Amendments to IFRS 3 Business Combinations - The amendments added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. The amendments also clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

- Amendment to IFRS 9 Financial Instruments 'Fees in the '10 per cent' test for derecognition of financial liabilities' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, amendments and interpretations issued but not effective (Continued)

- IFRS 17 'Insurance Contracts' (issued in May 2017), effective for annual periods beginning on or after 1 January 2023, establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The company does not issue insurance contracts.

The directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The company plans to apply the changes above, if applicable, from their effective dates.

a) Significant accounting judgements, estimates and assumptions

In the application of the accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The Directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Measurement of expected credit losses (ECL):

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behavior.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

Determining criteria for significant increase in credit risk;

- Choosing appropriate models and assumptions for the measurement of ECL.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Significant accounting judgements, estimates and assumptions (Continued)

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and

- Establishing groups of similar financial assets for the purposes of measuring ECL.

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model applied for financial assets, other than trade receivables, contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.

- When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk:

The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Significant accounting judgements, estimates and assumptions (Continued)

IFRS 9 however includes rebuttable presumptions that contractual payments that are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The company uses these guidelines in determining the staging of its financial assets unless there is persuasive evidence available to rebut these presumptions.

For trade receivables, the company has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognized on the basis of a provisioning matrix.

Useful lives and residual values of property, plant and equipment, intangible assets and right-of-use assets

Management reviews the useful lives, depreciation methods and residual values of the items of property, plant and equipment, intangible assets and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of property, plant and equipment is disclosed in notes 10.

Accounting for leases under IFRS 16

Management has made various judgements and estimates under IFRS 16 as detailed below:

Incremental borrowing rate: To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third-party financing.

and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease term/period: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Significant accounting judgements, estimates and assumptions (Continued)

For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The carrying amounts of property, plant and equipment disclosed in notes 10.

Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The carrying amounts of property, plant and equipment are disclosed in notes 10.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Significant judgements made by management in applying the company's accounting policies

Directors have made the following judgements that are considered to have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition - In making their judgement, the Directors considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 and, in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the company's liability in respect of rectification work, and the agreed limitation on the customers' ability to require further work or to require the replacement of the goods, the Directors are satisfied that the significant risks and rewards have been transferred and that recognition of an appropriate provision for the rectification costs.

Held to maturity financial assets - The Directors have reviewed the company's held to maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the company's positive intention and ability to hold those assets to maturity.

Control of subsidiaries, associates and joint ventures - The Directors asses whether or not the company has control over any entity based on whether or not the company has the practical ability to direct the relevant activities of the entity unilaterally. In making their judgement, the directors considered the company's absolute size of holding in the entity and the relative size of dispersion of the shareholdings owned by the other shareholders.

Others may include valuation of defined benefit obligations, recognition of deferred tax assets.

d) Revenue recognition

The company recognizes revenue as and when it satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognized is the amount the Company expects to receive in accordance with the terms of contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax, rebates and discounts.

i) Dividend income

Dividend income from investment is recognized when the shareholder's right to receive payment has been established.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Revenue recognition (Continued)

ii) Interest income

Interest income from financial assets is recognized when it's probable that the economic benefit will flow to the company and the amount of income can be measured reliably. Interest income is accrued by reference to time in relation to the principal outstanding and the effective interest rate applicable.

e) Property, plant and equipment

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Freehold and leasehold land, buildings and plant and machinery are subsequently measured at fair value, based on periodic valuations less subsequent depreciation.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and credited to revaluation reserve in equity except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. Decreases that offset previous increases of the same asset are charged to other comprehensive income; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

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 company and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Property, plant and equipment (Continued)

Leasehold land is not depreciated. Depreciation is calculated on a straight line method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	Rate %
Motor vehicles	25
Furniture, fittings and office equipment	25

The assets residual values and useful lives of assets and methods of depreciation are reviewed, and adjusted if appropriate, at each reporting period.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued amounts in the revaluation reserve relating to the particular assets being disposed of are transferred to retained earnings in the statement of changes in equity.

f) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Tanzanian Shillings (the functional currency), at the rates ruling at the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign determined currency are translated using the exchange rates at the dates of the initial transactions.

The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Impairment of non-financial assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually.

An impairment loss is recognised for the amount by which the carrying amount of an asset or a cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or companys of assets. In this case, management determines the recoverable amount of the CGU to which the asset belongs.

A CGU is the smallest identifiable company of assets that generates cash flows that are largely independent of cash inflows from other assets or companys of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Impairment of non-financial assets other than goodwill (Continued)

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

h) Financial instruments

Financial instruments are recognised when, and only when, the company becomes party to the contractual provisions of the instrument.

- Financial assets

The company classifies its financial assets into the following categories:

i) **Amortised cost;**

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost; The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

ii) **Fair Value Through Other Comprehensive Income (FVTOCI):**

Financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are classified and measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gain or losses, interest revenue and foreign exchange gain and losses. Gains and losses previously recognised in OCI are reclassified from equity to profit or loss on disposal of such instruments. Gains and losses related to equity instruments are not reclassified.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (Continued)

iii) Fair Value Through Profit or Loss (FVTPL):

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measure at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit or loss and other comprehensive income.

“Notwithstanding the above, the Company may:

- on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income
- on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. In 2020 the company’s business model for the management of equity investments was changed to held for trading. This change has been accounted for prospectively with effect from 1 January 2020.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Company has transferred substantially all risks and rewards of ownership, or when the Company has no reasonable expectations of recovering the asset.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (Continued)

Financial instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Impairment

Debt instruments that are subsequently measured at amortised cost or at impairment assessment. No impairment loss is recognised on investments measured at FVTPL.

The Company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost or at fair value through other comphrensive income (FVTOCI):

- Cash and cash equivalents
- Trade and other receivables
- Other financial assets

No impairment loss is recognized on investments measured at FVTPL.

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (Continued)

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

Financial liabilities

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The company may also,on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

All other financial liabilities are classified and measured at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and and borrowings and payables, net of directly attributable transaction costs.

All financial liabilities are classified as non-current except those held for trading, those 'expected to be settled in the Company's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Group does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (Continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a currently enforceable legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

i) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and financial assets with maturities of less than 3 months, net of bank overdrafts and money market lines. In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

j) Interest cost

Interest is recognised on the time proportion basis, taking account of the principal debt outstanding and the effective rate over the period to maturity.

k) Borrowing costs

Borrowing cost is recognised as an expense in the year in which it is incurred, except to the extent that it is directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period to prepare for their intended use or sale. Borrowing costs directly attributable to these qualifying assets are capitalised as part of the costs of those assets.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount borrowing costs capitalised are the actual borrowing costs incurred on that borrowing during the year less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs capitalised is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate applied is the weighted average of the borrowing cost applicable to costs applicable to the borrowings of the company that are outstanding during the year other than the borrowings made specifically for the purpose of obtaining a qualifying asset.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Borrowing costs (Continued)

Capitalization of borrowing costs is suspended during extended periods in which active development is interrupted.

Capitalization of borrowing costs ceases when the assets are substantially ready for their intended use or sale.

l) Taxation

The tax expense for the year comprises current. Tax is recognised in statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in equity. In this case, the tax is also recognised in other comprehensive income or equity.

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

m) Employee entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

n) Retirement benefit obligations

The company contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligations under this scheme are limited to specific contribution regulated from time and currently stated at 10% of the employee's gross pay. The company's contributions are charged to the statement of comprehensive income in the year to which they relate.

o) Share capital

Ordinary shares are classified as equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Dividends

Proposed dividends are disclosed as a separate component of equity until declared.

Dividends are recognized as a liabilities in the period in which they are approved by the company's shareholders.

q) Provisions

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

r) Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Group and company by the weighted average number of ordinary shares outstanding during he period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive.

s) Investment in subsidiary

Investment in subsidiary is recognized at cost less any accumulated impairment losses.

t) Comparatives

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

2. INVESTMENT INCOME

	2021 TZS '000	2020 TZS '000
Dividend income	4,354,438	3,506,248
Interest on government bonds (Note 20)	1,289,477	52,330
Interest on fixed deposits	46,033	-
	5,689,948	**3,558,578**

3. OPERATING PROFIT

	2021 TZS '000	2020 TZS '000
The following items have been charged/(credited) in arriving at the operating profit		
Depreciation on property, plant and equipment (Note 12)	32,119	26,805
Auditor's remuneration	23,280	23,554
TMCL liquidation costs	76,700	86,625
Impairment of receivable from TMCL	76,700	86,625
Legal fees	118,730	122,189
Secretarial fees	32,400	32,400
Directors' fees	64,700	57,300
Directors expenses	42,977	79,668
CEO bonus	-	61,546
Executive committee expenses	38,343	35,880
Investment committee expenses	43,249	8,812
Finance and audit committee expenses	19,706	16,463
Loss on asset disposal	-	67,973
Staff costs (Note 4)	424,814	770,371

4. PERSONNEL EXPENSES

	2021 TZS '000	2020 TZS '000
Salaries and wages	300,835	411,964
NSSF expenses	29,592	26,105
Gratuity	33,000	68,985
Recruitment expenses	29,817	9,587
Other staff costs (4.1)	31,570	253,730
	424,814	**770,371**

4.1. OTHER STAFF COSTS

	2021 TZS '000	2020 TZS '000
Training	4,378	2,750
Medical expenses	3,497	670
National health insurance fund (NHIF)	8,281	10,043
Skills and development levy (SDL)	5,075	16,699
Workers compensation fund (WCF)	2,339	4,299
Bonus (Note 18(i))	-	61,546
Terminal benefit (Note 18(i))	8,000	140,213
PAYE expense on vehicle given to former CEO	-	17,509
	31,570	**253,730**

5. FINANCE COSTS

	2021 TZS '000	2020 TZS '000
Interest expense on lease (Note 11)	11,242	-

6. TAXATION

	2021 TZS '000	2020 TZS '000
Current tax		
5% final withholding tax on dividends earned	217,722	175,312
10% withholding tax on interest earned	4,270	-
	221,992	**175,312**

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

Profit before tax	4,098,979	1,683,367
Tax calculated at a tax rate of 30% (2020: 30%)	1,229,694	505,010
Tax effect of:		
income not subject to tax	(1,229,694)	(505,010)
effect of 5% final tax on DSE quoted shares dividend income	217,722	175,312
effect of 10% final tax on fixed deposit interest income	4,270	-
Tax Charge	**221,992**	**175,312**

7. DIVIDENDS

	2021 TZS '000	2020 TZS '000
Balance brought forward	729,701	865,815
Final dividends approved for the year 2021/2020	1,047,792	477,720
Paid during the year	(713,703)	(613,834)
At end of year	**1,063,790**	**729,701**

During the year, the Directors recommended the payment of a final dividend of TZS 17 per share (2020: TZS 6.91) amounting to TZS 1,047,792,178 (2020: TZS 477,720,000) out of the profits for the year 2021 and 2020 respectively.

Payment of dividends is subject to withholding tax at the rate of 5%.

8. SHARE CAPITAL

	2021 TZS '000	2020 TZS '000
Authorised:		
1,600,000,000 (2020: 1,600,000,000) ordinary shares of TZS 125 each	200,000,000	200,000,000
Issued and fully paid:		
61,634,834 (2020: 69,165,170) ordinary shares of TZS 125 each	7,705,604	8,645,646

As per the recommendations arising from the 7th Annual General Meeting held on 3 December 2021 (minute 7.4), it was resolved that the sum of 21,406,102 unverified shares be permanently removed from the issued share capital and the share register be accordingly adjusted. As of year-end and in liaison with the Capital Markets and Securities Authority 7,533,336 unpaid shares of TZS 125 each were removed and adjusted against share premium account.

9. SHARE PREMIUM

	2021 TZS '000	2020 TZS '000
Share premium	647,342	647,342
Share register adjustment (Note 8)	940,043	-
	1,587,385	**647,342**

10. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2021 TZS'000	2020 TZS'000
Profit attributable to equity holders	3,876,987	1,508,055
Weighted average number of ordinary shares	61,634,834	69,165,170
Earnings per share	**62.90**	**21.80**

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares with dilutive potential ordinary shares due to options/convertible securities.

Diluted earnings/(loss) per share is calculated by dividing the profits/(loss) attributable to equity holders of the company by the adjusted weighted average number of dilutive potential ordinary shares in issue during the year.

	2021 TZS '000	2020 TZS '000
Profit attributable to equity holders	3,876,987	1,508,055
Weighted average number of ordinary shares	61,634,834	69,165,170
Earnings per share	62.90	21.80

11. LEASE LIABILITIES

	2020 TZS '000	2020 TZS '000
Non-current	31,822	-
Current	41,815	-
	73,637	-
The total cash outflow for leases in the year was:		
Payments of principal portion of the lease liability	61,592	-
Interest paid on lease liabilities	11,242	-
	72,834	-

11. LEASE LIABILITIES (CONTINUED)

Reconciliation of lease liabilities arising from financing activities:

	2021 TZS '000	2020 TZS '000
Interest charged to profit or loss (Note 5)	11,242	-
Cash flows:		
Operating activities (interest paid)	(11,242)	-
Amounts financed through leases (Note 13)	135,229	-
Payments under leases	(61,592)	-
At end of year	73,637	-

The lease liabilities are unsecured.

The office lease is subject to review at various dates.

The exposure of the company's leases to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	2021 TZS '000	2020 TZS '000
6 - 12 months	41,815	-
1 - 5 years	31,822	-
	73,637	-
	%	%
Weighted average effective interest rates at the reporting date was:	16	-

The carrying amounts of the company's lease liabilities are denominated in the United State Dollar.

11. LEASE LIABILITIES (CONTINUED)

Maturity based on the repayment structure of lease liabilities is as follows:

Gross lease liabilities – minimum lease payments

	2021 TZS '000	2020 TZS '000
Not later than 1 year	52,970	-
Later than 1 year and not later than 5 years	33,106	-
Total gross leases	86,076	-
Future interest expense on leases liabilities	(12,439)	
Present value of lease liabilities	73,637	-
Present value of lease liabilities		
Not later than1 year	41,815	
Later than 1 year and not later than 5 years	31,822	
	73,637	-

12. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2021	Capital in progress TZS'000	Motor vehicles TZS'000	Furniture, fittings TZS'000	Total TZS'000
Cost				
At start of year	1,600,000	26,670	151,507	1,778,177
Additions	32,000	-	36,629	68,629
At end of year	1,632,000	26,670	188,136	1,846,806
Depreciation				
At start of year	-	26,670	93,044	119,714
Charge for the year	-	-	32,119	32,119
At end of year	-	26,670	125,163	151,833
Net book value	1,632,000	-	62,973	1,694,973

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Year ended 31 December 2020	Capital in progress TZS'000	Motor vehicles TZS'000	Furniture, fittings TZS'000	Total TZS'000
Cost				
At start of year	1,600,000	171,386	140,751	1,912,137
Additions	-	-	13,446	13,446
Disposals	-	(144,716)	(2,690)	(147,406)
At end of year	1,600,000	26,670	151,507	1,778,177
Depreciation				
At start of year	-	106,103	66,239	172,342
Eliminated on disposal	-	(79,433)	-	(79,433)
Charge for the year	-	-	26,805	26,805
At end year	-	26,670	93,044	119,714
Net book value	**1,600,000**	**-**	**58,463**	**1,658,463**

In 2018, the company purchased a semi-finished building located at Msasani peninsula plot No 818 for a purchase price of Tanzania Shillings One Billion and Six Hundred Million (TZS 1,600,000,000) to be used as corporate office and commercial building once completed. The balance of the purchase price of TZS 1,008,332,000 was fully paid in 2020.

13. RIGHT OF USE ASSETS

	2021 TZS '000	2020 TZS '000
Additions	135,229	-
Depreciation charge for the year	(39,442)	-
At end of year	95,787	-

The company leases office space under a non cancellable lease agreement. The lease is for the period of two years (from 1 June 2021 to 31 May 2023), and control of the asset lies with the company. In the statement of cash flows, the amount for payments for right-of-use assets represents:

13. RIGHT OF USE ASSETS (CONTINUED)

	2021 TZS '000	2020 TZS '000
Additions, as above	135,229	-
Less: amounts financed through lease liabilities	(135,229)	-
	-	-

14. TRADE AND OTHER RECEIVABLES

	2021 TZS '000	2020 TZS '000
Other receivables	256,094	66,583
Receivable from TMCL (Note 18 (iii))	1,378,641	1,301,941
Impairment of receivables from TMCL	(1,378,641)	(1,301,941)
Net trade and other receivables	256,094	66,583
Prepayments	3,341	2,190
	256,435	68,773

Following the take over of Tanzania Meat Company Limited (TMCL) by the Government on 27 December 2019 and subsequent decision to wind up TMCL, 100% of the TMCL receivable was impaired in 2020.

In the opinion of the directors, the carrying amounts of trade and other receivables approximate their fair values.

The carrying amount of the company's trade and other receivables is denominated in Tanzania shillings.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

15. CASH AND CASH EQUIVALENTS

	2021 TZS '000	2020 TZS '000
Cash in hand	460	247
Cash at bank	36,374	768,859
Short term bank deposit	600,000	-
	636,834	769,106

The weighted average effective interest rate on short term bank deposit at year end was 7%

For the purposes of the statement of cash flows, the year end cash and cash equivalents comprise the following:

	2021 TZS '000	2020 TZS '000
Cash at bank and in hand	636,834	769,106

The company's bank balances are held with major Tanzanian financial institutions.

The carrying amounts of the company's cash and cash equivalents are denominated in the following currencies:

	2021 TZS '000	2020 TZS '000
Cash at bank and in hand	636,132	768,403
	703	703
	636,834	769,106

16. TRADE AND OTHER PAYABLES

	2021 TZS '000	2020 TZS '000
Other payables	684,434	569,382
Accruals	294,350	396,500
Payable to related parties (Note 18 (iv))	61,182	33,572
	1,039,966	999,454

In the opinion of the directors, the carrying amounts of trade and other payables approximately to their fair value.

The carrying amounts of the company's trade and other payables are denominated in the following currencies:

	2021 TZS '000	2020 TZS '000
Tanzania Shilling	442,174	401,662
US Dollar	597,792	597,792
	1,039,966	999,454

The maturity analysis of the trade and other payables is as follows:

Year ended 31 December 2021	Up to 1 month TZS'000	2 to 3 months TZS'000	4 to 12 months TZS'000	Total TZS'000
Other payables	-	-	684,434	684,434
Accruals	264,915	29,435	-	294,350
Payables to related parties (Note 18 (iv)	-	61,182	-	61,182
Dividend payable	-	-	1,063,790	1,063,790
	264,915	73,222	569,382	1,729,155

16. TRADE AND OTHER PAYABLES (CONTINUED)

Year ended 31 December 2020	Up to 1 month TZS'000	2 to 3 months TZS'000	4 to 12 months TZS'000	Total TZS'000
Other payables	-	-	569,382	569,382
Accruals	356,850	39,650	-	396,500
Payable to related parties (Note 18 (iv))	-	33,572	-	33,572
Dividend payable	-	-	729,701	729,701
At end of year	356,850	73,222	569,382	1,729,155

17. CASH FROM OPERATIONS

	2021 TZS '000	2020 TZS '000
Reconciliation of the profit before tax to cash from operations:		
Profit before tax	4,098,979	1,683,367
Adjustments for:		
Depreciation on property, plant and equipment (Note 12)	32,119	26,805
Depreciation right of use asset (Note 13)	39,442	-
Loss on disposal of fixed assets	-	67,973
Interest on fixed deposit	(46,033)	-
Interest income from government bonds (Note 2)	(1,289,477)	52,330
Changes in working capital:		
- trade and other receivables	(190,663)	(44,468)
- trade and other payables	40,512	(2,275)
- other liabilities	-	(1,008,332)
Cash from operations	2,684,879	670,739

18. RELATED PARTY TRANSACTION

National Investments Public Limited Company (NICOL) is incorporated in Tanzania. Prior to 2020, it owned 51% of Tanzania Meat Company Limited (TMCL) with the remaining 49% of the TMCL shares being held by National Ranching Company Limited (NARCO). On 27 December 2019, the Ministry of Livestock and Fisheries took over the company's 51% subsidiary company (Tanzania Meat Company Limited) and as advertised in a public notice of 26 May 2020, TMCL was put under liquidation.

The following transactions were carried out with related parties:

i. Key management personnel compensation

	2021 TZS '000	2020 TZS '000
Salaries to Management staff	300,835	317,750
Gratuity	31,500	68,985
Bonus	-	61,546
Former CEO	-	136,330
Former Director	8,000	-
Incoming CEO	-	21,393
Value for motor vehicle gifted to former CEO	-	67,973
Payment to former CEO for appearance as expert witness	7,684	9,263

ii. Director's benefits and other remuneration

Fees and other emoluments paid to Directors of the Company during the period, Details of payment to individual directors is shown in the table below:

	2021 TZS '000	2020 TZS '000
Annual general meeting	120,591	65,166
Executive committee expenses	38,343	35,880
Investment committee expenses	43,249	8,812
Finance and audit committee expenses	19,706	16,463
Board meeting expenses	42,977	79,668
Board committee expenses	101,298	61,155
Director's fees	64,700	57,300
Board travelling expenses	16,990	80,103

18. RELATED PARTY TRANSACTIONS (CONTINUED)

DIRECTORS	BOARD	BEC	BFAC	BINC	Director's Renumer-ation
					TZS'000
Dr. Gideon H. Kaunda	11	8	n/a	1	32,200
Joyce N. Nyanza	11	n/a	4	2	38,273
Eng. Peter Chisawillo	10	8	n/a	2	34,455
Anna Baliyima	10	n/a	4	n/a	23,800

*n/a - not applicable

iii. **Receivable from related party (Note 14)**

	2021 TZS '000	2020 TZS '000
Prepayment to BM Attorneys	70,800	-
Tanzania Meat Company Limited	1,378,641	1,301,941
Impairment of receivable from TMCL	-1,378,641	-1,301,941
Due from CEO	44,334	-
	115,134	-

The Company has a service contract agreement with Advocate Benjamin Mwakagamba as company secretary to the Board and his law firm BM Attorney to provide legal services to the Company. The following are related party transaction and balances during the year in respect thereof.

iv. **Payable to related party (Note 16)**

	2021 TZS '000	2020 TZS '000
BM Attorneys (Legal fees)	61,182	33,572

18. RELATED PARTY TRANSACTIONS (CONTINUED)

v. Payment made to BM Attorneys and Company Secretary

	2021 TZS '000	2020 TZS '000
Legal fees	118,730	122,189
Secretarial fees	32,400	32,400
	151,130	154,589

19. EQUITY INVESTMENTS AT FVOCI

	2,021 TZS'000	2,020 TZS'000
At start of the year	80,997,056	83,699,181
Cost of 233,680 TBL shares sold	-	(732,352)
Cumulative brought forward fair value gain on the TBL disposed shares	-	(1,814,759)
Cost of 6,600,000 NMB shares sold	(950,400)	-
Cumulative brought forward fair value gain on the NMB disposed shares	(14,493,600)	-
Current year fair value valuation loss on equity investments	(8,429,678)	(155,014)
At end of the year	57,123,378	80,997,056

The equity investments designated as held at fair value through other comprehensive income (FVOCI) relate to the following investments in securities quoted and traded on the Dar Es Salaam Stock Exchange (DSE). The market prices of these securities are available to the general public.

19. EQUITY INVESTMENTS AT FVOCI (CONTINUED)

	% interest held	2021 TZS'000	2020 TZS'000
NMB Shares	6.6	52,899,040	77,335,877
Tanzania Breweries Limited	6.6	1,396,617	1,396,617
Simba Cement Shares	1.87	44,342	20,155
CRDB Shares	0.06	80,343	55,953
Swissport Plc Shares	0	3,360	3,763
TCC Shares	0.01	130,560	130,560
Twiga Cement Shares	0.03	207,536	152,600
DSE Shares	6.35	1,671,580	1,131,531
Vodacom	0.14	690,000	770,000
		57,123,378	80,997,056

20. GOVERNMENT SECURITIES HELD AT AMORTISED COST

	2021 TZS'000	2020 TZS'000
Treasury bonds		
Maturing 30 July 2040	1,093,450	1,093,450
Maturing 21 May 2040	1,415,426	-
Maturing 11 February 2041	3,635,434	-
Maturing 20 May 2041	2,073,048	-
Maturing 8 July 2041	3,827,072	-
Maturing 22 April 2046	1,750,989	-
Maturity 5 August 2046	1,604,777	-
	15,400,196	1,093,450
Gross carrying amount at	1,093,450	-
Financial assets purchased during the year	13,657,957	1,041,120
Accrued interest income (Note 2)	1,289,477	52,330
Interest income received	-640,688	-
At end of year	15,400,196	1,093,450

Treasury bonds and bills are securities issued by the government of the Republic of Tanzania. On 26 August 2020, the Company purchased Government Bonds with a face value of TZS 1,000,000,000 and additional bonds with a face value of TZS 13,021,800,000. The effective interest rate of the bonds is 15.49%. The maturity analysis of the treasury bonds is as stated above.

21. DIVERSIFICATION OF EQUITY INVESTMENTS

a) Loss on sale of equity investments

	2021 TZS'000	2020 TZS'000
Original cost of NMB/TBL shares sold	(950,400)	(732,353)
Cumulative brought forward fair value gain on the shares disposed	(14,493,600)	(1,814,759)
Cash flows:		
Proceeds from disposal of equity investments	11,220,000	1,869,440
Loss on disposal	(4,224,000)	(677,672)

During the year the company disposed off 6,600,000 NMB equity investments (prior year 233,680 TBL shares) and invested the money in government bonds.

b) Cumulative fair value gain of disposed equity investments

	2021 TZS'000	2020 TZS'000
Fair value as at date of disposal	(14,493,600)	(1,814,759)
Loss on disposed equity investments	4,224,000	677,672
Cumulative fair value gain of disposed equity investments	(10,269,600)	(1,137,087)

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk), credit risk and liquid risk.

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial.

Risk management is carried out by the management.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) Market risk

Foreign exchange risk

The company is exposed to foreign exchange risk arising primarily with respect to the US Dollar.

The table below summarises the effect of post-tax profit had the Tanzanian Shilling weakened by 10% against the US Dollar, with all other variables held constant. If the Tanzanian Shilling strengthened against the US Dollar, the effect would have been the opposite.

The carrying amount of the group's/company's material foreign currency denominated monetary assets and liabilities that will have an impact on profit or loss when the exchange rates changes, at the end of the reporting period as follows:

	2021 TZS'000	2020 TZS'000
Assets		
Cash and bank balance	703	703
Liabilities		
Trade and other payables	597,792	597,792
Net exposure	598,495	598,495
Pre tax effect on gain	5,985	5,985
Tax	1,795	1,795
Decrease	4,189	4,189

Price risk

The Company is exposed to equity securities price risk arising from investments.

Interest rate risk

The Company has no interest bearing assets and as a result its cash flows are substantially independent of changes in market interest rates.

b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Individual limits are set based on internal or external information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

None of the financial assets that are fully performing has been renegotiated in the last year.

c) Liquidity risk

Cash flow forecasting is performed by the finance department of the Company by monitoring the company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the company does not breach borrowing limits or covenants (where applicable) on any of its borrowing.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances, the availability of funding through 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 company's management maintains flexibility in funding by maintaining availability under committed credit lines.

Note 13 discloses the maturity analysis of trade and other payables.

The table below discloses the undiscounted maturity profile of the financial liabilities:

Year ended 31 Dec 2021	Between 1-3 months	Between 3 months – 1 year	Between 1-5 years	More than 5 years	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Trade and other payables	-	1,039,966	-	-	1,039,966
Year ended 31 Dec 2020	Between 1-3 months	Between 3 months – 1 year	Between 1-5 years	More than 5 years	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Trade and other payables	-	999,454	-	-	999,454

22. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

d) Fair value measurements

The company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The table below shows an analysis of all assets and liabilities for which fair value is measured or disclosed in the financial statements by level of their fair value hierarchy. The fair values are companied into three levels as mentioned in Note 1 (a) of these financials, based on the degree to which the fair value is observable.

The table below gives information about how the fair values of these financial assets and financial liabilities are determined:

Year ended December 2021	Level 1 TZS'000	Level 2 TZS'000	Level 3 TZS'000
Assets			
Property, plant and equip-ment	-	-	1,694,972
Investment securities	57,123,378	-	-
Government securities	15,400,196	-	-
	72,523,574	-	1,694,972

Year ended December 2020	Level 1 TZS'000	Level 2 TZS'000	Level 3 TZS'000
Assets			
Property, plant and equipment	-	-	1,658,463
Investment securities	80,997,056	-	-
Government securities	1,093,450	-	-
At end of year	82,090,506	-	1,658,463

23. CAPITAL MANAGEMENT

The company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products and services commensurate with level of risk;
- to comply with the capital requirements set out by the company's bankers;
- to maintain an optimal capital structure to reduce the cost of capital.
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to maintain a strong asset base to support the development of business.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or adjust the amount of capital expenditure. Consistency with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divide by capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity (i.e., share capital, retained earnings, revaluation reserve and subordinated loans).

The gearing ratios for the period ended 31 December 2020 were as follows:

	2021 TZS'000	2020 TZS'000
Total borrowings	-	-
Less: Cash and cash equivalents (Note 12)	(636,834)	(769,106)
Net debt	(636,834)	(769,106)
Total equity	73,033,209	82,857,693
Gearing ratio	(0)	(0)

24. CONTINGENT LIABILITIES

In a notification by the company to the Capital Market and Securities Authority (CMSA) of 31 December 2019, it was noted that on 27 December 2019, the Ministry of Livestock and Fisheries took over the control and management of the company's 51% subsidiary company (Tanzania Meat Company Limited) and demanded that NICOL may be liable to further liabilities. NICOL board is of the view that this action is legally untenable and NICOL will take necessary steps to protect its shareholders' interests.

The Company is a defendant in various legal actions. The existence of claims and litigations pending as per confirmations received from the Company's advocates have been provided for in these financial statements and mainly relate to:

- Land Case No. 29 of 2018 Twiga Feeds Limited & another Vs National Investment Public Limited Company (Formerly National Investment Company Limited): NICOL has put a caveat on Twiga Feeds Limited land title in respect of claiming TZS 580,000,000 paid by NICOL Twiga Feeds for a joint investment of a college, money's which to date have not been refunded back by Twiga Feeds Limited being NICOL's contribution towards the joint venture investment project.

- CMA/DSM/ILALA/431/11, National Investments Company Limited Vs. Kathleen Armstrong; As per deed of settlement signed on 24 June 2011, Kathleen Armstrong was rewarded a sum of USD 261,387. The application was lodged by NICOL seeking for an extension of time. The application is pending at the High Court of Tanzania Labor Division.

  In the opinion of the Directors and after taking appropriate legal advice, the outcome of other actions will not give rise to any significant loss, apart from the above-mentioned claims and litigations which are provided for in the financial statements.

25. SUBSEQUENT EVENTS

The Directors are not aware of any other matter apart from the above that may require adjustment or disclosure in these financial statements.

26. INCORPORATION

The Company is incorporated in Tanzania and registered under the Companies Act as a limited liability company.

27. INVESTMENT IN SUBSIDIARY

	2021 TZS'000	2020 TZS'000
Tanzania Meat Company Limited	1,296,856	1,296,856
Tanzania Fisheries Development Company Limited	3,027,264	3,027,264
Provision for impairment	(4,324,120)	(4,324,120)
	-	-

Tanzania Meat Company Limited

On 27 December 2019, the Minister of livestock and Fisheries took over the assets of TMCL and took control of the management of TMCL, thereby causing NICOL to loose control and the right to consolidate the financial statements of TMCL. Subsequently, on 24 April 2020, Shareholders of TMCL resolved to put the company under liquidation.

Prior to implementation of TMCL Shareholder' instructions, NARCO introduced a new proposal to apportion the TMCL's assets, as a result of this and in order to comply with legal requirements, NICOL offered NARCO to acquire the entire 51% shares owned by NICOL to NARCO, allowing NARCO to become the sole owner controlling 100% interest the TMCL. However, NARCO rejected the offer and subsequently, on 4 February 2021, NICOL took measures to terminate its shareholding and relinquished its 51% share ownership in TMCL.

Tanzania Fisheries Development Company Limited (TFDC)

The activities of Tanzania Fisheries Development Company Limited (TFDC) were processing of Fish and its by-products for the export market. Due to its poor performance and dormancy for many years, the Board resolved that the company be liquidated and its assets be disposed off. The company was voluntarily wound up on 19 June 2019.

28. PRESENTATION CURRENCY

These financial statements are presented in Tanzania Shillings (TZS.'000).

SCHEDULE OF EXPENDITURE

1. ADMINISTRATIVE EXPENSES

	2021 TZS'000	2020 TZS'000
Employment benefits:		
Salaries and wages	300,835	411,964
NSSF	29,592	26,105
Gratuity	33,000	68,985
Recruitment expenses	29,817	9,587
Other staff costs	23,570	253,730
Total employment costs	**416,814**	**770,371**

Other administrative expenses:

Travelling expenses	9,865	25,247
Board travelling expenses	16,990	80,103
Motor vehicles running expenses	-	5,676
Printing and stationery	6,224	8,909
Legal fees	118,730	122,189
Secretarial fees	32,400	32,400
Consultancy fees	80,378	26,878
Dividend processing fees	46,755	37,446
Postage, telephone and website expenses	13,746	15,032
Meetings and Conferences	17,952	45,382
Annual general meeting expenses	120,591	65,166
Directors expenses	42,977	79,668
Directors fees	64,700	57,300
Brokerage commissions	151,534	22,796
Office expenses	12,990	10,255
Bank charges	4,842	4,661
Audit fees	23,280	23,554
Advertisement expenses	41,167	89,238
Executive committee expenses	38,343	35,880
Investment committee expenses	43,249	8,812
Finance and audit committee expenses	19,706	16,463
Loss on asset disposal	-	67,973
Total other administration expenses	906,420	881,028
Total administration expenses	1,323,233	1,651,399

28. PRESENTATION CURRENCY (CONITNUED)

2. OTHER OPERATING EXPENSES

	2021 TZS'000	2020 TZS'000
Establishment:		
Short term leases	44,120	54,448
Security expenses	8,000	11,440
Insurance expenses	-	4,182
Electricity and water	2,210	6,390
Licences and subscriptions	48,578	30,650
Repairs and maintenance	5,326	3,272
Depreciation of right of use assets	39,442	-
Depreciation of property, plant and equipment	32,119	26,805
TMCL liquidation costs	76,700	86,625
Total other operating expenses	256,495	223,812

NOTES

TEAM WORK

A candle loses nothing by lighting another candle

~ Quote by James Keller

NATIONAL INVESTMENTS PLC
National Investments PLC
50 Mirambo Street
3rd Floor, Mirambo House
P.O. Box 7465
Dar Es Salaam
Phone: +255 22 2701436/2701348
0682 720 679
E-mail: invest@nicol.co.tz