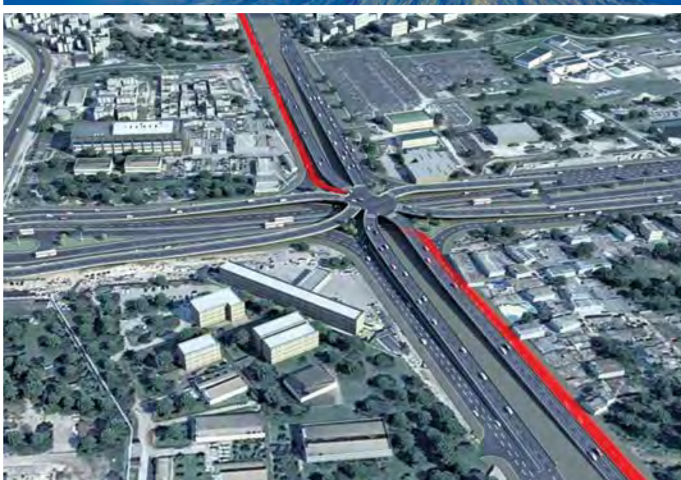
DSE
Creating Opportunities

2018 ANNUAL REPORT & FINANCIAL STATEMENTS



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Chairmans Statement

Introduction

It is my distinct honor and privilege to have this opportunity to communicate with our esteemed valued shareholders and other stakeholders, the year 2018 performance report this being the first year of implementation of the DSE's Five Year Strategic Plan (2018 -2022). It has been an exciting year for the DSE, characterized by a relative fair financial performance amid a mixed market activity. We have managed to have significant progress on implementation of our strategic plan to ensure the long-term growth and sustainability of our company. It is therefore, with great enthusiasm that I present to you the Annual Report and Financial Statements of the DSE for the financial year ended December, 31 2018.

Operating Environment and Financial Performance

According to the National Bureau of Statistics (NBS), in the first three quarters of the year 2018, on average, the real Gross Domestic Product (GDP) grew by 6.7 percent. The reported growth in GDP was supported by investment in infrastructure, export of the traditional products, favorable weather conditions results into increased crop production. Investment in infrastructure includes, construction of the Standard Gauge Railway (SGR), expansion of the Dar es Salaam sea port, Julius Nyerere International Airport Terminal 3, roads network and preparations for the Stigler's Gauge Hydro station power plant. Inflation was in check with single digit, mainly on account of increased food supply in the domestic and neighboring markets, general slowdown of global commodity prices, particularly oil prices, and implementation of contractionary fiscal policy. Inflation was at 3.3 percent in December 2018. The TZS Currency to USD was relatively stable and stood at the rate of TZS 2,281.20 per 1 USD.

On financial performance, in year 2018 DSE recorded a Profit Before Tax of TZS 1.8 billion, while the Net Assets grew by 1.9 percent to reach TZS 19.5 billion. The CEO's Statement and financial performance highlights provides further details of the DSE financial performance in 2018.

Strategic Performance in 2018

Buoyed by improvements in macro-environment and the prevailing tranquility country's political climate, the DSE successfully executed a number of strategic initiatives in our five-year plan. Key to this are: i.) Listing of four securities (TCCIA and NICOL on equity market segment and TMRC and NMB Bank on corporate bond market segment); ii.) Listing of Government bonds worth TZS 2,107 billion; (iii) Admitting two more bonds trading members; iv.) Enhancing operations of the subsidiary company -CSDR; v.) DSE was admitted as Full Member to the World Federation of Exchanges (WFE) and CSDR was admitted to the Africa & Middle East Depository Association (AMEDA); vi.) Enhancement of the trading and settlement market infrastructure; and vii.) Participating in efforts of the potential introduction and listing of Municipal bonds.

Governance and Strengthening Partnership on Global Issues

In adherence to the UN Sustainable Development Goals, particularly the four goals that are relevant to stock exchanges, in the aspect of sustainable investments: Goal No. 5 – Achieve Gender Equality; Goals No.12 – Sustainability Production and Consumption; Goals No. 3 – Combating Climate Change; and Goal No.17 – Global Partnerships for Sustainable Development. DSE in partnership with the UN-Global Compact organized the Ring the Bell for Gender Equality event, as the Exchange steps to recognize the importance of gender balance in business running and decision-making processes.

Chairmans Statement (continued)

Governance and Strengthening Partnership on Global Issues (continued)

DSE being a partner stock exchange of the UN Sustainable Stock Exchanges Initiative, is at the forefront in championing implementation of the relevant investors' concerns on issues of environment, social and governance as check and balance for sustainability of businesses. In the same vein, in 2018 DSE made some initiatives that aimed at bringing more awareness to its members including listed companies, on issues regarding Environment, Social and Governance -ESG. DSE included issues of ESG in its DSE Annual Membership Award. The aim is to ensure listed companies and broker dealers adhere to the current international best practices.

Key Planned Initiatives for 2019

The financial year 2019 will be the second year in implementation of the DSE Five Year Strategic Plan (2018 - 2022). Key strategic initiatives for 2019 include: Revision of DSE Rules with view to enhance market efficiency and liquidity; enhancement of the market depth through increase of new products and services; advocate for new products that are retail investor centered such as CIS and Retail bonds; devising a program that will effectively ease SMEs access to capital; increase effort to achieve market classification of Frontier Market Status and enhance controls and risk management to ensure at least a return on assets and equity of about 15 percent.

Outlook and Conclusion

Given its natural role in the financial sector, the DSE remains inextricably interwoven to the Tanzanian and global economy. Downside risks to the global economy such as policy uncertainty in key jurisdictions and geopolitical & business tensions to the big economies have the potential to adversely affect our business; as do uncertainty and speculations in Brexit, china-US trade wars. However, the DSE outlook for 2019 is strongly positive, driven by (i) potential growth of the Tanzanian economy; (ii) stable and transparency foreign exchange market; (iii) stable macro-economic performance; (iv) continuance of significant investment in infrastructure; and (v) stable political climate.

In line with the Government intent to bring social-economic development via industrialization, the DSE is position to facilitate access to long term capital for industrial and infrastructure projects. I am confident that our new strategic plan, will enable us respond competitively to emerging trends and changes in this operating environment. The DSE will continue to be at the forefront in the advocacy for favorable government policies that help attract new listings and deepen the Tanzanian capital market in line with the National Financial Inclusion Framework 2018 – 2022. With the right business environment created by the unison in the actions of the various arms of the government and private sector settings, I believe we will consolidate the gains we made in 2018 and achieve new milestones and growth in the coming years.

Board Chairman

Date: 18/04/2019

BOARD OF DIRECTORS

Mr. Jonathan Andrew Njau
Chairman

Mr. Joseph Mwaisemba
Board Member

Mr. Andulile Mwakalyelye
Board Member

Mr. Wilhelm Ngasamiaku
Board Member

Mr. Riyaz Takim
Board Member

Mr. Ramadhan Unguu
Board Member

Mr. Moremi Marwa
BOARD MEMBER - CEO

Mrs. Mary Mniwasa
Secretary to the Board

CEOs Statement

Introduction

The year 2018 is the first year of implementation of our five-year plan – 2018 to 2022. During the year 2018 the company registered mixed results in terms of implementation most of the strategic initiatives and activities we planned for the year on one hand and the market and financial performance on the other hand.

In terms of market performance, the year 2018 was challenging in the aspect of liquidity on equity market segment. Trading value declined by 60 percent from TZS 517 billion in 2017 to a turnover of TZS 210 billion in 2018. However, during the same period the volume of shares traded increased by 205 percent, from 290 million shared that traded in 2017 to 790 million shares in 2018.

Decline in value of equity trading affected our revenues, equity trading income accounted for 17 percent of our total revenue in 2018 compared to 33 percent in 2017.

For the fixed income market segment, secondary trading activity in this segment of the market rose by 24 percent, from transaction valued TZS 859 billion in 2017 to TZS 1,063 billion in 2018. Both the DSE All Share Index (DSEI)and Total Market capitalization went down by 15 percent. DSEI moved from 2,396.32 points as of 31st December 2017 to 2,041.39 points on 31st December 2018. In the same vein, both the Tanzania Share Index (TSI) and Domestic Market capitalization declined by 6 percent, TSI from by 3,919.25 points December 2017 to 3,691.36 points December 2018; Domestic Market capitalization went down from TZS 10,275 billion in 2017 to TZS 9,696 billion in 2018, major reasons for declined being downward share prices and valuations to both cross-listed and domestic securities.

Group Performance

As indicated earlier, the reported decline in equity trading activities during year 2018 contributed significantly to the decrease in revenues during the year. Group total income declined from the 18-months revenue of TZS 10.70 billion, covering a period of July 2016 to December 2017 to the 12-months period income of TZS 6.43 billion in 2018. Year 2017 was that of an 18-months financial year following changes in the Group financial year cycle in 2016, while the 2018 figures are of a normal 12-months period.

Besides a relative decline in financial performance in absolute terms for 2018, we are confident that the Group remains well positioned to continue delivering superior returns to its shareholders.

Delivering the Group Strategy

DSE Group is committed to creating value for our stakeholders and the larger investment community that we serve. We remain steadfast to delivering value to our shareholders through a very focused strategy which is broadly underpinned on three pillars: Innovation, Efficiency and Effectiveness.

CEOs Statement (continued)

Accomplishments for the year 2018

The planned strategic initiatives for the year 2018 were meant to achieve the following key objectives: (i) enhancing of the DSE and CSDR Governance and Organization Structure; (ii)engage Policy Makers in policy development and legislations involving the capital markets; (iii)working with key stakeholders in implementation of the Micro-Savings products and Municipal bonds; (iv)enhancing market liquidity; via trading infrastructure and profiling of the Exchange; (v)enhancing CSDR legal and regulatory framework; (vi) relocating the DSE offices to the new DSE office building; (vii) attain a full membership status to the World Federation of Exchanges (WFE) by the DSE and full membership to the Africa and Middles East Depository Association (AMEDA)by the CSDR; (viii)improving efficiency in the utilization of resources; (ix) enhancing of the DSE & CSDR system infrastructure including the implementation of the Brokers Back Office (BBO) and Registry Service Systems; (x) enhance of Controls, Compliance and Risk Management Systems.

We are happy to report that the DSE Group has achieved over 80 percent of these strategic initiatives as most of the initiatives were successfully executed.

Outlook

In 2019 the DSE Group shall continue overall delivery of the 2018 – 2022 strategy which is embedded in the overall objective of "providing a responsive securities exchange that promotes economic development through offering a range of attractive and cost-effective products and services".

More specific, in year 2019, the DSE Group focus will be on the following key initiatives: Finalize revision of DSE Rules; Devise and implement mechanisms for liquidity enhancement, targeting to achieve liquidity ratio of at least 5% of domestic market capitalization and at least 10% of outstanding bonds; Enhance market depth, targeting Market Cap to GDP ratio of 20% by sustaining or increasing market capitalization via individual securities price valuation and new listings -- targeting to list at least 2 new equities, two corporate bonds listing; One listing of Municipal bonds; One listing of ETFs and One listing of Collective Investment Scheme (targeting retail investors); Actively, participate on forums for Policy Formulation on Stock Market Development; Work with other stakeholders to actualize listing of the first Municipal Bonds; introducing "DSE Enterprise Incubation/ Acceleration Program" with a view to ease access to financial capital by SMEs; Enhance profiling and visibility of the DSE by using both main stream and social media platforms for thought leadership, website content upgrade, DSE SIC, and DSE Members Award. Sustain efforts aiming at attaining Classification to Frontier Market Status by Global Rating Agents; Focus on enhancing DSE internal controls and risk management including better cost management and increasing efficiency of DSE operations leading to enhancement of profitability; Ensure Compliance with PFMI/IOSCO standards/principles for FMIs; Grow the registry services business by targeting and leveraging on DSE and CSDR clients.

CEOs Statement (continued)

Appreciation

I would like to thank all our stakeholders for their unwavering support in 2018 as we continue to work hard to build a more resilient and prosperous company. As we embark 2019, I would like to thank my team at DSE for making 2018 a success and look forward to next phase of our journey.

I would like to thank all our shareholders for their support and confident in the Management. I wish to sincere thank the DSE Board of Directors for their steadfast leadership and guidance. I look forward to your wise counsel in the next phase of our growth. Last, but not least in the importance, the Government and its agencies key to this is our Regulator, CMSA for a conducive regulatory environment and support, has made DSE achieve what has been achieved in this year.

Moremi Marwa

Chief Executive Officer.

Date: 18/04/2019

MANAGEMENT

Mr. Moremi Marwa
Chief Executive Officer

Mr. Ibrahim Mshindo
Director of Business Development

Mrs. Mary Miwasa
Chief Legal Counsel

Mr. Emmanuel Nyalali
Manager Special Assignment
CEO Office

Mr. Ali Othman
Chief Technology Officer

Mr. Mecklaud Edson
Chief Internal Auditor

Mr. Benitho Kyando
Managing Director
DSE Subsidiary (CSDR)

Mr. Lucas Sinkala
Finance Manager

Directors Report

1. INTRODUCTION

The Board of Directors of the Dar es Salaam Stock Exchange PLC ("DSE") have the pleasure to present its report together with the audited financial statements for the year ended 31 December 2018 which discloses the state of affairs of the DSE and its subsidiary, CSD & Registry Company Limited (CSDR) (together "Group") as at that date.

2. INCORPORATION

The Dar es Salaam Stock Exchange PLC (formerly known as Dar es Salaam Stock Exchange Limited) was incorporated in 1996 under the Tanzania Companies Act, 2002 (hereinafter, the Companies Act) as a limited liability company by guarantee (a mutual company). Operations of the DSE started in April 1998. On 26 June 2015, the Company changed its registration from mutual status to a company owned by shareholders (Public Limited Company) and subsequently changing its name from Dar es Salaam Stock Exchange Limited to Dar es Salaam Stock Exchange PLC and issued twenty shares of TZS 400 each. In June 2016 DSE issued shares to the public and thereafter self-listed its shares on its own Exchange on 12th July 2016.

3. VISION

To be the engine that fuels and finances economic developments and a national agent of change towards achieving Frontier Market Status (FMS) by attracting capital and investment.

4. MISSION

To maximise the wealth of shareholders by creating value propositions for all stakeholders, creating economic empowerment and an efficient allocation of capital.

5. PRINCIPAL ACTIVITIES

The principal activity of the DSE is to provide securities market to investors who intend to invest in the listed companies. The Exchange provides a platform that assists companies to raise capital through the issuance of equities and debt securities.

In 2017, DSE invested in a fully owned subsidiary company, CSD & Registry Company Limited (CSDR), whose main activities are to provide automated clearing, delivery and settlement facilities in respect of transactions carried out at the DSE.

6. FINANCIAL PERFOMANCE

The Group profit for the year ended 31st December 2018 was TZS'000' 1,757,688 (18-months period ended 31st December 2017: TZS'000' 5,266,462).

7. CORPORATE GOVERNANCE

All board members, except the Chief Executive Officer (CEO), were non-executive. The Directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with general accepted best practice. In so doing the Directors therefore confirm that:

Directors Report (continued)

7. CORPORATE GOVERNANCE (CONTINUED)

- The Board met regularly throughout the period.
- It retains full and effective control over the Group and monitor executive management.
- The positions of Chairman and Chief Executive Officer (CEO) are held by two different people.
- Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance.

8. BOARD OF DIRECTORS OF THE EXCHANGE

The Board of directors who held office during the period up to the date of this report were as follows:

Name	Position	Qualifications	Nationality	Age	Date appointed	Date resigned
Mrs. J.K.Ndissi	Non-Ex. Director	BA&MA Economics	Tanzanian	64	2015	January 2018
Mr. J. Njau	Non-Ex. Director	LLB & MBA - Finance	Tanzanian	57	September 2016	29th January 2019
Mr. E. Busara	Non-Ex. Director	MBA. CPA (T)	Tanzanian	45	September 2016	9th February 2018
Mr. R. Takim	Non-Ex. Director	BSC & MSC Economics	Tanzanian	45	September 2016	17th September 2018
Mr. U. Sulay	Non-Ex. Director	MSC Accounting & Finance, FCCA and ACPA	Tanzanian	42	31 July 2017	3rd January 2019
Mr. J. Mwaisemba	Non-Ex. Director	MBA. CPA (T)	Tanzanian	38	13 October 2017	2nd January 2019
Mr. V. Shah	Non-Ex. Director	B.Sc. in Electronics and Computer Science, MBA in IT Management	Tanzanian	52	12th June 2018	7th January 2019
Mr. F. Manongi	Non-Ex. Director	B.Arts (hons.) in Economics and Finance, Master of Arts in Development Economics	Tanzanian	64	22nd September 2018	31st December 2018
Mr. A. Mwakalyelye	Non-Ex. Director	M.AEconomics	Tanzanian	59	April 2017	28th August 2018
Dr. W. Ngasamiaku	Non-Ex. Director	Phd.Economics	Tanzanian	44	31 July 2017	-
Mr. M. Marwa	CEO -Executive Director	MBA,CPA (T)	Tanzanian	42	2015	-

Directors Report (continued)

9. DIRECTORS' REMUNERATION

The Group paid a total of TZS 143,223,856 as directors' fees (Year ended 31 December 2017: TZS 97,517,900).

10. MEETINGS AND ACTIVITIES OF THE BOARDS

The board met 8 times during the period January 2018 to 31st December 2018 as indicated below

Name	8 Feb 2018	14 Mar 2018	18 May 2018	29 June 2018	18 Aug 2018	23 Aug 2018	15 Nov 2018	11 Dec 2018
Mr. J. Njau	√	√	√	√	√	√	√	√
Mr. R. Takim	-	-	√	-	√	√	N/A	N/A
Mr. A. Mwakalyelye	√	√	√	√	√	√	N/A	N/A
Dr. W. Ngasamiaku	√	√	-	√	√	√	√	√
Mr. E. Busara	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. U. Sulay	√	√	√	√	√	√	√	√
Mr. J. Mwaisemba	√	-	√	√	√	√	-	-
Mr. V. Shah	N/A	N/A	N/A	N/A	N/A	N/A	√	√
Mr. F. Manongi	N/A	N/A	N/A	N/A	N/A	N/A	√	√
Mr. M. Marwa	√	√	√	√	√	√	√	-

The board discussed and resolved matters recommended by its standing committees and provided directives to management on operational matters. The Board is supported by the following committees as at 31 December 2018.

(a) Listing and Trading Committee (LTC)

Name	Position	Qualifications	Nationality
Mr. Jonathan Njau	Chairperson	LLB & MBA - Finance	Tanzanian
Mr. Wilhelm Ngasamiaku	Member	Phd. Economics	Tanzanian
Mr. Andulile Mwakalyelye	Member	BSC & MSC ADMIS	Tanzanian

The LTC Committee reports to the DSE Board. The LTC Committee met nine (9) times during the period. The committee deliberated on different applications for listing.

(b) Administration, Risk Management and Compliance (ARC) Committee.

Name	Position	Qualifications	Nationality
Mr. R. Takim	Chairman	BSC & MSC ADMIS	Tanzanian
Mr. A. Mwakalyelye	Member	MA Economics	Tanzanian
Mrs. J. K. Ndissi	Member	BA & MA Economics	Tanzanian

Directors Report (continued)

10. MEETINGS AND ACTIVITIES OF THE BOARD (CONTINUED)

The ARC Committee reports to the DSE Board. The ARC Committee met five (4) times to discuss various issues on staff matters and application of the new associate members.

(c) Audit Committee

Name	Position	Qualifications	Nationality
Mr. U. Sulay	Chairman	MSC Accounting & Finance and FCPA	Tanzanian
Mr. R. Takim	Member	BSC & MSC ADMIS	Tanzanian
Mr. E. Busara	Member	MBA. CPA (T)	Tanzanian
Mr. J. Mwaisemba	Member	MBA. CPA (T)	Tanzanian

Audit Committee reports to the Board. Audit Committee met four times during the period to discuss on various matters such as DSE Quarterly Financial Reports, Internal Audit Reports and DSE External Audit for the period ended 31st December 2018.

11. MANAGEMENT

The management of the DSE is under the Chief Executive Officer and organized on the following departments:

- Finance and Research Department;
- Corporate Affairs and Legal Counsel Department;
- Project and Business Development;
- Trading and Market Data Department;
- ICT Department and,
- Internal Audit Department.

12. SOLVENCY

The Board of Directors of the DSE confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board Members consider the DSE to be solvent within the meaning ascribed by the Tanzanian Companies Act, 2002.

Directors Report (continued)

13. KEY HIGHLIGHTS OF THE PERIOD

During the period, the operational performance of the exchange was as highlighted on the table below:

Particular	Year ended 31 December 2018	Eighteen month period ended 31 December 2017
Market capitalization (TZS billions)	**19,677**	**23,076**
Domestic Market capitalization (TZS billions)	**9,696**	**10,226**
Value of shares traded (TZS billions)	**208**	**711**
Value of bonds traded (TZS billions)	**969**	**889**
All shares index (DSEI) Points	**2,041**	**2,396**
Tanzania share index (TSI) Points	**3,691**	**3,919**
Value of outstanding listed bonds (TZS billions)	**9,436**	**8,108**

14. SCOPE OF BUSINESS

The DSE is a duly approved Exchange under Capital Markets and Securities Act, 1994 (Cap 79). It is a modern securities exchange providing full electronic trading, clearing and settlement of securities (shares and bonds). It is also a Self-Regulatory Organization (SRO) for the purpose for maintaining the integrity of the market and plays a role of educator on matters relating to capital markets.

15. SCOPE OF REPORT

The annual report for the year ended 31 December 2018 presents a set of annual reports and financial statements for the period starting 01 January 2018 to 31 December 2018. The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in addition, they comply with the provisions of the Companies Act, 2002.

16. CAPITAL STRUCTURE

DSE was incorporated in 19 September 1996 as a company limited by guarantee without a share capital. The Exchange was created, among other things, to facilitate the Government's implementation of the economic reforms and enabling the private sector to raise long term capital. The Exchange became operational in April 1998. On 29th July 2015, the Exchange changed its legal status from a company limited by guarantee to a company limited by shares and its name to Dar es Salaam Stock Exchange PLC and on 12th July 2016 and issued shares to the public.

Directors Report (continued)

16. CAPITAL STRUCTURE (CONTINUED)

DSE's shareholding structure as of 31st December 2018, is as below;

S/N	Shareholder	Number of Shares	Percentage of Share holding
1	The Government of Tanzania through Treasury Registrar	3,574,000	15%
2	SCB (T) NOMINEES SCB - Consumer Banking Re Mr. Aunali F. Rajabali and Sajjad F. Rajabali	2,984,624	13%
3	SCB (T) NOMINEE RE SCB Mauritius A/C Briarwood Chase Management LLC A/C Briarwood Capital Partners LP	2,848,314	12%
4	National Investment Company Limited	1,285,831	5%
5	General Public	13,131,231	55%
	Total	**23,824,000**	**100%**

17. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Exchange. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an on-going basis in order to provide reasonable assurance regarding:

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

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

The Board assessed the internal control systems throughout the financial year ended 31 December 2018 and is of the opinion that they met the accepted criteria.

The Board carries risk and internal control assessment through both the Administrative, Risk and Compliance Committee and the Audit Committee.

Directors Report (continued)

18. CORPORATE SOCIAL RESPONSIBILITY

DSE played its role in the society during the period. A total of TZS 11 million (December 2017: TZS 0.15 million) was contributed to the national assembly for support of female students.

DSE also enabled students from higher learning institutions to access its actual data and virtual trading platform to learning practically on how to save and invest via a Stock Exchange, this was executed as part of the public education campaign through its DSE Scholar Investment Challenge Programme.

19. EMPLOYEES WELFARE

Health and Medical Care

The DSE provides medical insurance to staff and their families through AAR Insurance (T) Limited medical services. This is a renewable one-year contract. During the period, services received from the service providers were generally satisfactory.

Staff Complement

As at 31st December 2018, the DSE had 19 employees, out of which 8 were female and 11 were male. In 2017 a total 21 staff; 8 staff were female and 13 were male.

20. AUDITORS

PricewaterhouseCoopers have expressed their willingness to continue in office in accordance with Section 170 (2) of the Tanzania Companies Act, 2002. Appointment of auditors for the year ending 31 December 2019 will be done at the Annual General Meeting.

BY ORDER OF THE BOARD

Approved by the Board of Directors on 18/04/2019 and signed on its behalf by:

………………………………	18/04/2019
Dr. W. Ngasamiaku	**Date**
………………………………	18/04/2019
Mr. M. Marwa	**Date**

Statement of Directors' Responsibilities

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

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No. 12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit in accordance with International Financial Reporting Standards (IFRS). The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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

Signed on behalf of the Board of Directors by:

………………………	…18/04/2019………
Dr. W. Ngasamiaku	Date
………………………..	……18/04/2019…
Mr. M. Marwa	Date

Declaration of the Head of Finance

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance 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 true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Statement of Directors Responsibilities on an earlier page.

I Lucas Sinkala being the Finance Manager of Dar es Salaam Stock Exchange PLC hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2018 have been prepared in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No 12 of 2002.

I thus confirm that the financial statements give a true and fair view of the financial performance of Dar es Salaam Stock Exchange PLC for the year ended 31 December 2018 and its financial position as on that date and that they have been prepared based on properly maintained financial records.

Signed by:

Position: Finance Manager

NBAA Membership No.: ACPA 3689

Date: 18/04/2019

Report on the Audit of the Group & Company Financial Statements

Our opinion

In our opinion, the Group and Company financial statements give a true and fair view of the Group and Company financial position of Dar es Salaam Stock Exchange Plc (the Company) and its subsidiaries (together the Group) as at 31 December 2018, and of its Group and Company financial performance and its Group and Company cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

Dar es Salaam Stock Exchange Plc's Group and Company financial statements as set out on pages 17 to 62 comprise:

- the Group and Company statements of financial position as at 31 December 2018;
- the Group and Company statements of profit or loss and other comprehensive income for the year then ended;
- the Group and Company statements of changes in equity for the year then ended;
- the Group and Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Group and Company financial statements section of our report.

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

Independence

We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Key audit matters

This section of our auditor's report is intended to describe the matters selected from those communicated with those charged with governance that, in our professional judgment, were of most significance in our audit of the financial statements. We have determined that there are no such matters to report.

Report on the Audit of the Group & Company Financial Statements (continued)

Other information

The directors are responsible for the other information. The other information comprises the the Chairman's statement, CEO's Statement , Directors' report ,Statement of directors' responsibilities and Declaration of head of finance but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information, 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 the directors for the Group and Company financial statements

The directors are responsible for the preparation of the Group and Company financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of Group and Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Company financial statements, the directors are responsible for assessing the Group and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Group and Company financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Company 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 Group and Company financial statements.

Report on the Audit of the Group & Company Financial Statements (continued)

Auditor's responsibilities for the audit of the Group and Company financial statements (continued)

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

- Identify and assess the risks of material misstatement of the Group and Company 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 Group and Company 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 Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group and Company financial statements, including the disclosures, and whether the Group and Company 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 entities or business activities within the group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors 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 the directors, we determine those matters that were of most significance in the audit of the Group and Company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public

Report on the Audit of the Group & Company Financial Statements (continued)

Auditor's responsibilities for the audit of the Group and Company financial statements (continued)

disclosure about 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.

Report on other legal and regulatory requirements

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

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

Cletus Kiyuga, ACPA-PP
For and on behalf of PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam

Date: 29th April 2019

Statement of Profit or Loss & Other Comprehensive Income

		Group		Company	
		Year ended 31 December 2018	Eighteen month period ended 31 December 2017	Year ended 31 December 2018	Eighteen month period ended 31 December 2017
	Notes	TZS'000	TZS'000	TZS'000	TZS'000
Revenue	7	**4,639,823**	7,354,452	**3,644,338**	6,949,004
Other income	8	**416,345**	530,142	**411,296**	530,142
Information technology costs	10(a)	**(286,625)**	(631,076)	**(246,637)**	(592,515)
Staff costs	9	**(2,255,124)**	(2,519,545)	**(1,841,165)**	(2,450,312)
Office rent	10(b)	**(290,515)**	(470,652)	**(254,200)**	(461,908)
Depreciation and amortisation		**(279,729)**	(307,769)	**(273,119)**	(307,769)
Charge of impairment of trade receivables	6a	**(5,744)**	(30,524)	**(5,570)**	(30,524)
Other expenses	10(c)	**(1,476,564)**	(1,407,604)	**(1,201,238)**	(1,358,452)
Operating profit		**461,867**	2,517,424	**233,705**	2,277,666
Finance income	11	**1,369,981**	2,820,090	**1,351,793**	2,820,090
Operating profit before tax		**1,831,848**	5,337,514	**1,585,498**	5,097,756
Income tax expense	12(a)	**(74,160)**	(71,052)	**-**	-
Net profit for the year		**1,757,688**	5,266,462	**1,585,498**	5,097,756
Total comprehensive income		**1,757,688**	5,266,462	**1,585,498**	5,097,756
Basic earnings per share (TZS)	28	**73.78**	221.06	**66.55**	213.98
Diluted earnings per share (TZS)	28	**73.78**	221.06	**66.55**	213.98

The notes on pages 26 to 69 are an integral part of these financial statements.

Statement of Financial Position

		Group		Company	
		2018	2017	2018	2017
ASSETS	**Notes**	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Non-current assets					
Property and equipment	13	**406,923**	518,015	**395,818**	517,165
Non-current prepayment	14	**2,819,584**	2,776,767	**2,819,584**	2,776,767
Intangible asset	15	**103,672**	109,247	**61,004**	109,247
Leasehold land and building	16	**463,957**	473,955	**463,957**	473,955
Investment in subsidiary	17	**-**	-	**100,000**	100,000
Deferred tax asset	12(b)	**66**			
		3,794,202	3,877,984	**3,840,363**	3,977,134
Current assets					
Trade receivables	18a	**597,056**	1,231,206	**450,074**	997,419
Other receivables	18b	**116,070**	193,069	**128,437**	313,377
Government securities	19	**5,816,599**	4,178,183	**5,816,599**	4,178,183
Short term deposits	20	**11,528,774**	11,676,707	**11,528,774**	11,676,707
Cash and cash equivalents	21	**388,828**	699,645	**18,117**	429,729
Restricted bank balance	21	**8,207**	16,225	**8,207**	16,225
		18,455,534	17,995,035	**17,950,208**	17,611,640
TOTAL ASSETS		**22,249,736**	21,873,019	**21,790,571**	21,588,774
EQUITY AND LIABILITIES					
Equity					
Share capital	24	**9,529,608**	9,529,608	**9,529,608**	9,529,608
Share premium	24	**1,850,374**	1,850,374	**1,850,374**	1,850,374
Retained earnings		**7,773,326**	7,398,237	**7,433,431**	7,229,530
Revaluation surplus		**331,195**	337,960	**331,195**	337,960
Car loan fund	22	**35,000**	35,000	**35,000**	35,000
		19,519,503	19,151,179	**19,179,608**	18,982,472
Non-current liabilities					
Grants	23	**1,337,308**	1,712,568	**1,337,308**	1,712,568
		1,337,308	1,712,568	**1,337,308**	1,712,568
Current liabilities					
Borrowing	26	**150,000**	-	**150,000**	-
Contract Liabilities	25(a)	**566,033**	654,294	**566,033**	654,294
Trade and other payables	25(b)	**634,602**	283,926	**557,622**	239,440
Current income tax		**42,290**	71,052	**-**	-
		1,392,925	1,009,272	**1,273,655**	893,734
TOTAL EQUITY AND LIABILITIES		**22,249,736**	21,873,019	**21,790,571**	21,588,774

The financial statements on page 21 to 69 were approved by the board of directors and signed on its behalf by;

Dr. W. Ngasamiaku **Signature:**......................... **Date:** 18/04/2019

Mr. M. Marwa **Signature:**......................... **Date:** 18/04/2019

Statement of Changes in Equity

GROUP Year ended 31 December 2018	Share capital (Note 24) TZS'000	Share premium (Note 24) TZS'000	Car loan fund (Note 22) TZS'000	Retained earnings TZS'000	Revaluation surplus TZS'000	Total TZS'000
At 01 January 2018	**9,529,608**	**1,850,374**	**35,000**	**7,398,238**	**337,960**	**19,151,180**
Adjustment on initial application of IFRS (see note 6(a))	-	-	-	(7,573)	-	(7,573)
Restated balance as at 1 January 2018	**9,529,608**	**1,850,374**	**35,000 -**	**7,390,665**	**337,960**	**19,143,607**
Transaction with owners						
Dividend paid	-	-	-	(1,381,792)	-	(1,381,792)
	-	**-**	**-**	**(1,381,792)**	**-**	**(1,381,792)**
Other comprehensive income						
Profit for the period	-	-	-	1,757,688	-	1,757,688
Depreciation and amortization of revalued assets	-	-	-	6,765	(6,765)	-
Total comprehensive income	**-**	**-**	**-**	**1,764,453**	**(6,765)**	**1,757,688**
At 31 DECEMBER 2018	**9,529,608**	**1,850,374**	**35,000**	**7,773,326**	**331,195**	**19,519,503**
GROUP						
At 01 July 2016	8	-	35,000	4,904,812	352,531	5,292,351
Transaction with owners						
Issue of shares	8,100,000	1,492,974	-	-	-	9,592,974
Issue of shares to the government1	1,429,600	357,400	-	(1,787,000)	-	-
Dividend paid	-	-	-	(1,000,608)	-	(1,000,608)
	9,529,600	**1,850,374**	**-**	**(2,787,608)**	**-**	**8,592,366**
Other comprehensive income			-			
Profit for the year	-	-	-	5,266,462	-	5,266,462
Depreciation and amortization of revalued assets	-	-	-	14,571	(14,571)	-
Total Comprehensive Income	**-**	**-**	**-**	**5,281,033**	**(14,571)**	**5,266,462**
At 31 December 2017	**9,529,608**	**1,850,374**	**35,000**	**7,398,237**	**337,960**	**19,151,179**

1 Represent shares allocated to the Government of the United Republic of Tanzania at a non-cash consideration as entitlement for the financial and other support provided to DSE since its establishment.

Statement of Changes in Equity (continued)

	Share capital (Note 24) TZS'000	Share premium (Note 24) TZS'000	Car loan fund (Note 22) TZS'000	Retained earnings TZS'000	Revaluation surplus TZS'000	Total TZS'000
COMPANY						
At 01 January 2018	**9,529,608**	**1,850,374**	**35,000**	**7,229,533**	**337,960**	**18,982,475**
Adjustment on initial application of IFRS 9 (see note 6(a))	-	-	-	(6,573)	-	(6,573)
Restated balance as at 1 January 2018	9,529,608	1,850,374	35,000	7,222,960	337,960	18,975,902
Transactions with owners			-	-	-	-
Dividend paid	-	-	-	(1,381,792)	-	(1,381,792)
	-	**-**	**-**	**(1,381,792)**	**-**	**(1,381,792)**
Other comprehensive income					-	-
Profit for the year	-	-	-	1,585,498	-	1,585,498
Depreciation and amortization of revalued assets	-	-	-	6,765	(6,765)	-
Total comprehensive income			**-**	**1,592,263**	**(6,765)**	**1,585,498**
At 31 December 2018	**9,529,608**	**1,850,374**	**35,000**	**7,433,431**	**331,195**	**19,179,608**
COMPANY						
At 01 JULY 2016	8	-	35,000	4,904,811	352,531	5,292,350
Transaction with owners						
Issue of shares	8,100,000	1,492,974	-	-	-	9,592,974
Issue of shares to the government1	1,429,600	357,400	-	(1,787,000)	-	-
Dividend paid	-	-	-	(1,000,608)	-	(1,000,608)
	9,529,608	**1,850,374**	**-**	**(2,787,608)**	**-**	**8,592,366**
	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Profit for the year	-	-	-	5,097,756	-	5,097,756
Release of depreciation and amortization	-	-	-	14,571	(14,571)	-
Total comprehensive income	**-**	**-**	**-**	**5,112,327**	**(14,571)**	**5,097,756**
At 31 December 2017	**9,529,608**	**1,850,374**	**35,000**	**7,229,530**	**337,960**	**18,982,472**

Statement of Cash Flows

	Notes	Group		Company	
		Year ended 31 December 2018 TZS'000	18 month period ended 31 December 2017 TZS'000	Year ended 31 December 2018 TZS'000	18 month period ended 31 December 2017 TZS'000
OPERATING ACTIVITIES					
Profit before taxation		**1,831,848**	5,337,514	**1,585,498**	5,097,756
Adjustment to reconcile profit before tax to net cash flows:					
Depreciation and amortisation		**279,729**	307,769	**273,119**	307,769
Amortisation of grant	8	**(375,260)**	(349,694)	**(375,260)**	(349,694)
Loss on assets disposal/write off		**-**	1,597	**-**	1,597
Interest income	11	**(1,369,981)**	(2,820,090)	**(1,351,793)**	(2,820,090)
Income tax paid		**(102,986)**	-	**-**	-
Cash flows before changes in working capital items		**263,350**	2,477,096	**131,564**	2,237,338
Changes in working capital items:					
Trade receivables		**626,577**	(664,140)	**540,773**	(430,353)
Other receivables		**76,999**	(698,766)	**184,940**	(698,766)
Contract liabilities		**(88,261)**	-	**(88,261)**	-
Cash held in restricted deposits	21	**8,018**	(8,810)	**8,018**	(8,810)
Trade and other payables		**350,675**	800,385	**318,181**	635,590
Net cash flows generated from operating activities		**1,237,358**	1,905,765	**1,095,216**	1,734,999
INVESTING ACTIVITIES					
Investment in short term deposits	20	**147,933**	(7,674,664)	**147,933**	(7,674,664)
Investment in government securities	19	**(1,638,416)**	(3,723,608)	**(1,638,416)**	(3,723,608)
Investment in the subsidiary		**-**	-	**-**	(100,000)
Interest received - short term deposits	11	**1,369,981**	2,820,090	**1,351,793**	2,820,090
Purchase of intangibles	15	**(88,486)**	(63,596)	**(40,856)**	(63,596)
Prepayment for acquisition of office space	14	**(42,817)**	(1,417,132)	**(42,817)**	(1,417,132)
Purchase of property and equipment	13	**(64,578)**	(650,443)	**(52,673)**	(649,593)
Net cash flows used in investing activities		**(316,383)**	(10,709,353)	**(275,036)**	(10,808,503)
FINANCING ACTIVITIES					
Share capital		**-**	9,592,974	**-**	9,592,974
Dividend paid	28	**(1,381,792)**	(1,000,608)	**(1,381,792)**	(1,000,608)
Acquisition of short term borrowing	26	**150,000**	-	**150,000**	-
Receipt of grant	23	**-**	549,565	**-**	549,565
Net cash flows (used in)/generated from financing activities		**(1,231,792)**	9,141,931	**(1,231,792)**	9,141,931
Net (decrease)/increase in cash and cash equivalents		**(310,817)**	338,343	**(411,612)**	68,427
Cash and cash equivalents at start of the period		**699,645**	361,302	**429,729**	361,302
Cash and cash equivalent at year end	21	**388,828**	699,645	**18,117**	429,729

The notes on pages 26 to 69 are an integral part of these financial statements.

Notes

1 GENERAL INFORMATION

The Dar es Salaam Stock Exchange PLC (DSE) was incorporated in 1996 under the Tanzanian Companies Act, as a body corporate (limited by guarantee). DSE changed its legal status from a company limited by guarantee to a company limited by shares and its name to Dar es Salaam Stock Exchange PLC and issued twenty shares of a nominal value of TZS 400 each on 29th July 2015. In June 2016 DSE issued shares to the public and thereafter self-listed its shares on its own Exchange on 12th July 2016. The principal objective of the Exchange is to provide a securities market to investors who intend to invest in the listed companies.

The Exchange assists companies to raise capital through the issuance of equities and debt securities.

The Exchange is also an instrument for use by Government privatized companies and private companies for raising capital. Under the provisions of the Capital Markets and Securities (CMS) Act, 1994 (as amended), the Capital Markets and Securities Authority regulates the Exchange. The exchange is domiciled in Tanzania and the address of its registered office is:

3rd floor, NHC Kambarage Building,
Ufukoni Street,
PO Box 70081,
Dar es Salaam.

Exchange/Company means Dar es Salaam Stock Exchange PLC as an entity and Group means the Consolidated results of the Company and its subsidiary CSD & Registry Company Limited.

2 BASIS OF PREPARATION

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

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention. The measurement basis applied is the historical cost basis. The financial statements are presented in Tanzanian Shillings (Shs) rounded to the nearest thousand. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 5

Basis of measurement

The financial statements are prepared on the historical cost basis except for leasehold land and buildings which are carried at revalued amount.

Functional and presentation currency

The financial statements are presented in Tanzanian Shillings (TZS), which is the Exchange's functional currency.

Notes (continued)

2 BASIS OF PREPARATION (CONTINUED)

Changes in accounting policies and disclosures

New and amended standards and interpretations

i) New and amended standards adopted by the Company

The Exchange has applied IFRS 15 and IFRS 9 for the first time from 1 January 2018. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

The above mentioned standards, adopted on 1 January 2018, do not significantly affect the Group and company's previously reported financial results, disclosures or accounting policies and do not have any significant impact to the Group's results upon transition and subsequently.

IFRS 9 'Financial instruments'

IFRS 9 with effect from 1 January 2018, replaced IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduced new requirements which included an expected credit loss (ECL) impairment model and new requirements for the classification and measurement of financial assets. IFRS 9, adopted on 1 January 2018, impacted the company's results upon transition. The impact to the company's reserves on transition to IFRS 9 relates to the new classification and measurement requirements.

(1) IFRS 9 'Financial instruments classification and measurement

IFRS 9 requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. The new accounting policies are set out in these financial statements. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. The total impact on the group's retained earnings as at 1 January 2018 as a result of adoption of the new standards is as follows:

	Group	Company
	TZS' 000	TZS' 000
Closing retained earnings 31 December 2017 - IAS 39/IAS 18	7,398,238	7,229,533
Remeasurement of financial assets at amortised cost (ECL impairment)	(7,573	(6,573)
Opening retained earnings 1 January - IFRS 9	7,390,665	7,222,960

On 1 January 2018 (the date of initial application of IFRS 9), the group performed classification and measurement assessment to the financial assets held by the group and has classified its financial instruments into the appropriate IFRS 9 categories. The assessment was performed by considering the business model that applies to the group of asset and where the cash flow characteristics of the instrument represent solely payments of principal and interest). The main effects resulting from this remeasurement and classification are as follows:

Notes (continued)

2 BASIS OF PREPARATION (CONTINUED)

Changes in accounting policy and disclosures (continued)

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

GROUP	IAS 39 carrying amount 31 December 2017 TZS '000	Reclassifications TZS '000	Remeasurements TZS '000	IFRS 9 carrying amount 1 January 2018 TZS '000
Amortised cost				
Trade receivables	1,231,206	-	(7,573)	1,223,633
Other receivables	193,069	-	-	193,069
Government securities	4,178,183	-	-	4,178,183
Short term deposits	11,676,707	-	-	11,676,707
Cash and cash equivalents	699,645	-	-	699,644
Restricted bank balances	16,225	-	-	16,226
	17,995,035	**-**	**(7,573)**	**17,987,462**

COMPANY	IAS 39 carrying amount 31 December 2017 TZS '000	Reclassifications TZS '000	Remeasurements TZS '000	IFRS 9 carrying amount 1 January 2018 TZS '000
Amortised cost				
Trade receivables	997,419	-	(6,573)	990,846
Other receivables	313,377	-	-	313,377
Government securities	4,178,183	-	-	4,178,183
Short term deposits	11,676,707	-	-	11,676,707
Cash and cash equivalents	429,729	-	-	429,729
Restricted bank balances	16,225	-	-	16,225
	17,611,640	**-**	**(6,573)**	**17,605,067**

Trade receivables (from Transactions and Listing Fees)

These relate to receivables from transactions done by brokers, banks and listing fee outstanding from listed companies, government bonds and corporate bonds.

Other financial assets:

Other financial assets above comprise other receivables from other customers, government securities (treasury bills and bonds), short term deposits (fixed deposits) and bank balances. There was no impact on the amounts recognized in relation to these assets from the adoption of IFRS 9.

Notes (continued)

2 BASIS OF PREPARATION (CONTINUED)

Changes in accounting policy and disclosures (continued)

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

On the date of initial application, 1 January 2018, the financial instruments of the Group/Company were as follows;

	IAS 39			IFRS 9		
	Measurement Category	Carrying amount (Group)	Carrying amount (Company)	Measurement Category	Carrying amount (Group)	Carrying amount (Company)
Financial assets		TZS'000	TZS'000		TZS'000	TZS'000
Trade receivables	Loans and receivables	1,231,206	997,419	Amortised cost	1,223,633	990,846
Other receivables	Loans and receivables	193,069	313,377	Amortised cost	193,069	313,377
Government securities:		4,178,183	4,178,183	Amortised cost	4,178,183	4,178,183
Treasury bills	Loans and receivables	3,387,982	3,387,982	Amortised cost	3,387,982	3,387,982
Treasury bonds	Held to maturity	790,201	790,201	Amortised cost	790,201	790,201
Short term deposits	Loans and receivables	11,676,707	11,676,707	Amortised cost	11,676,707	11,676,707
Cash and cash equivalents	Loans and receivables	699,645	429,729	Amortised cost	699,645	429,729
Restricted bank balance	Loans and receivables	16,225	16,225	Amortised cost	16,225	16,225

Notes (continued)

2 BASIS OF PREPARATION (CONTINUED)

Changes in accounting policy and disclosures (continued)

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

IFRS 9 'Financial instrument' – impairment of financial assets

ECL impairment requirements

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

Measurement category	Loss allowance under IAS 39	Reclassification	Remeasurement	Loss allowance under IFRS 9
	TZS '000	TZS '000	TZS '000	TZS '000
Loans and receivables (IAS 39)/ Financial assets at amortised cost (IFRS 9)				
Group				
Trade receivables	(30,524)	-	(7,573)	(38,097)
Company				
Trade receivables	(30,524)	-	(6,573)	-37,097

The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 does not result in additional allowance for impairment on financial assets other than trade receivables.

Notes (continued)

2 BASIS OF PREPARATION (CONTINUED)

Changes in accounting policy and disclosures (continued)

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

IFRS 15 - REVENUE FROM CONTRACT WITH CUSTOMERS

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

Management performed an assessment of the IFRS 15 impact to the company and concluded that the standard did not have any impact on the amounts as of 1 January 2018. The accounting policies have been updated to reflect IFRS 15 requirements.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2018 are not relevant to the Company.

IFRS 15 had no impact on the amounts recognized as at 1 January 2018

(ii) New standards and interpretations not yet adopted

IFRS 16: Leases was issued in January 2017 to replace IAS 17: Leases. The standard is effective for accounting periods beginning on or after 1 January 2019 with early adoption permitted if IFRS 15: Revenue from Contracts with Customers has been adopted. IFRS 16 will primarily change lease accounting for lessees. Lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability. Lessee accounting under IFRS 16 will be similar to existing IAS 17 accounting for finance leases, but will be substantively different for operating leases where rental charges are currently recognised on straight-line basis and no lease asset or lease loan obligation is recognized. Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting.

The Company is still assessing the full quantitative impact of the new standard and other areas of impact as part of the ongoing IFRS 16 implementation project.

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

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

These comprise cash on hand, deposits held on call and term deposits with an initial maturity of less than three months when entered into. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above but excludes restricted cash balances.

(b) Foreign currency transactions

Transactions in foreign currencies are initially recorded by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency using the exchange rates at the date when the fair value was measured. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Financial instruments

Recognition and initial measurement

All financial instruments are initially recognised at fair value, plus, in the case of financial assets and liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue. Financial instruments are recognised when the Group becomes a party to the contractual arrangements. All regular way transactions are accounted for on trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place. In the current year, the Group has adopted IFRS 9 and all financial assets and liabilities were classified at amortised cost where as under IFRS 39 the Group and Group classified its financial instruments as 'loans and receivables' or 'held to maturity'; and financial liabilities at amortised cost.

Financial assets

Classification and measurement under IFRS 9

Trade and other receivables, government securities, bank balances and short term deposits are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI or FVTPL. The classification depends on the business model applied and the cash flow characteristics of an asset.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for assets include past experience on how the cash flows of these assets were collected, how the performance of the assets is evaluated and reported to key management personnel, the risks that affect the performance of the business model (and the financial assets within) and in particular, the way that those risks are managed; and how assets managers are compensated.

Cash flow characteristic of the asset: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, The Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

Classification and measurement under IAS 39 (For comparatives)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. Loans and receivables are carried at amortised cost using the effective interest method. The exchange has classified trade and other receivables, government securities (treasury bills), short term deposits, cash and cash equivalents and restricted bank deposits in this category.

Held to maturity

Held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity of which the Group/Company has an intent and ability to hold to maturity, and which are not designated at fair value through profit or loss, loans and receivables or available for sale. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. Held to maturity assets are carried at amortised cost using the effective interest rate method. The Exchange has classified government securities (treasury bonds) in this category.

Financial liabilities

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition

Financial assets

A financial asset is de-recognised where:
The rights to receive cash flows from the asset have expired; or
The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

Financial liabilities

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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in profit or loss unless required or permitted by an accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

(d) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Exchange as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Exchange is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Exchange will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. An operating lease is a lease other than a finance lease. Operating

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term. Amounts paid by the Exchange for improvements to assets which are held in terms of operating lease agreements are depreciated on a straight-line basis over the shorter of the remaining useful life of the applicable asset or the remainder of the lease period.

Leasehold land

The company's leasehold land has been classified as a finance lease and is carried in the financial statements at fair value less accumulated amortisation. Prepaid lease rentals on the land are amortised on a straight-line basis over the period of the lease and the amortisation expense recognised in profit or loss.

(e) Property plant and equipment

At initial recognition, acquired property and equipment is recognised at the purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. The recognised cost includes any directly attributable costs for preparing the asset for its intended use. The cost of an item of property and equipment is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Property and equipment, except for leasehold land and buildings, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Leasehold land and buildings are measured at fair value less accumulated depreciation and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency (after every three years) to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property plant and equipment (continued)

Depreciation

Items of property and equipment are depreciated in the year they are purchased and available for use. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual value using straight line method over their estimated useful lives.
Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

Category	Useful life
• Office furniture	4 years
• Office equipment	4-5 years
• Power generator	4 years
• Motor vehicles	4 years
• Office partitions	4 years
• Buildings	Lower of 40 years and lease term for land
• Work in progress	Nil

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss in disposal of property and equipment is included in profit or loss in the year the asset is derecognised.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The Exchange's intangible assets are amortised at rate of 25% i.e. over useful life of four years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in 'depreciation and amortisation' in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Notes (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment

(i) **Financial assets**

Policy under IFRS 9

From 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Policy under IAS 39 (for the comparative period)

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Exchange on terms that the Exchange would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss.

ii) Non-financial assets

The carrying amounts of the Exchange's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU's) value less costs of disposal and its 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 groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss except for properties previously

Notes (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment (continued)

revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

An impairment loss in recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss had been recognized for the asset in prior years. Such reversal is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Employee benefits

(i) Defined contribution plans

DSE has statutory obligations to contribute to various pension schemes in favour of all the employees employed under permanent and pensionable terms. The pension schemes in force, which the Exchange contributes to, are Public service social security Fund (PSSSF) and National Security Social Fund (NSSF).

(ii) Workers Compensation Fund (WCF)

Workers Compensation Fund (WCF) is a social security scheme established by the government responsible for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment.

Private entities are statutorily required to contribute 1% of monthly employees' earnings (wage bill) to the Fund. Monthly employees' earnings (wage bill) include basic salaries plus all fixed allowances which are regularly paid along with basic salaries. The contributions are part of Exchange's costs and are not deducted from salaries of the employees.

(iii) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(iv) Leave pay

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(v) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Employee benefits (continued)

group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(i) Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss.

(j) Revenue

DSE revenue comprises listing fees, transaction fees, CSD fees and membership fees. Revenue is recognised on yearly basis for continued listed companies and members and for new members when they join the Exchange or listed in the Exchange for the first time. Transaction fee is recognised when actual trading of shares is done.

(i) **Listing fees**

Initial listing fee is recognized in the year in which the Exchange makes the flotation. Annual listing fee is computed on the capitalization value of the listed securities. Additional listing income is recognized during the year in which the issuing company makes announcement of bonus/rights issues.

(ii) Transaction fees

Transaction fee is based on the percentage of the value of shares traded and is recognized on the dates of the transactions.

(iii) Central Securities Depository (CSD) fees

CSD fee is an annual fee paid by all brokers that trade at Dar es Salaam Stock Exchange. This fee is categorized into two types i.e. for Associate members and custodian members who pay TZS 1 million and TZS 2 million respectively. Other fees collected by the DSE/CSDR are Dividend processing fees, Transaction fees, IPO processing fees, registry services fees, data vending fees and ISIN fees.

(iv) **Other operating income**

Other operating income is made up of membership fees from DSE, LDM and realized listing fees from the brokers. Previously, annual membership fees were collected from members as DSE was only limited by guarantee, after self-listing this fee is no longer collected. Membership fees are recognized at fair value in the year to which they relate.

(v) Other income

Other income comprises grant income, training income, forex gain and sundry income.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Grants

Grants are recognised at their fair value where there is reasonable assurance that the grants will be received and the exchange will comply with all conditions attached to them. Grants received for capital expenditure are classified in the Statement of Financial Position while grants received for operating expenses are recognised as income on a systematic basis over the periods that the costs, which they are intended to compensate, are expensed. Grants are amortised at the rate which property and equipment acquired through the grants are depreciated.

(l) Finance income

Finance income comprises interest income over funds invested. Interest income is recognised as it accrues, using the effective interest method.

(m) Earnings per share

Basic earnings per share represent the profit on ordinary activities after taxation attributable to the equity shareholders of the Exchange, divided by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share represent the profit on ordinary activities after taxation attributable to the equity shareholders, divided by the weighted average number of ordinary shares outstanding during the year, including the weighted average number of dilutive shares resulting from share options and other potential ordinary shares outstanding during the period (if any).

(n) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Consolidation (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred

The excess of the

- Consideration transferred,
- Amount of any non-controlling interest in the acquired entity, and
- Acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Consolidation (continued)

(ii) Changes in ownership interests in subsidiaries without change of control

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of DSE.

When the group ceases to consolidate for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(o) Segment reporting

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

4 SIGNIFICANT ACCOUNTING JUDGEMENTS,ESTIMATES AND ASSUMPTION

Use of Estimates, Assumptions and Judgments

The preparation of the Exchange's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of the asset or liability affected in future periods. In the process of applying the Exchange's accounting policies, management has used its judgments and made estimates in determining the amounts recognized in the financial statements. Although these estimates are based on the management's knowledge of current events and actions, actual results ultimately may differ from those estimates. The most significant use of judgments and estimates are as follows:

Notes (continued)

4 SIGNIFICANT ACCOUNTING JUDGEMENTS,ESTIMATES AND ASSUMPTION (CONTINUED)

a. Fair value of land and buildings

Fair value of the Exchange's leasehold land and building were determined using the market comparable method. The valuation was performed based on proprietary databases of prices of transactions for properties of similar nature, location and condition. The revaluation was performed on 30 June 2015 by accredited Independent valuers with experience for valuation of similar properties in Tanzania.

b. Government subvention

Government subvention received over the years has been accounted for as grant instead of capital contribution. Consequently, the government has been allocated shares at a non-consideration.

5 BUSINESS SEGMENTS INFORMATION

The Group consists of the CSDR, a subsidiary that started its operations in the fourth quarter of 2017 and is wholly owned by the Dar es Salaam Stock Exchange PLC. The operating board has determined the operating segments based on reports reviewed by the board of directors that are used to make strategic decisions.

The group operates within the one geographical area, being the United Republic of Tanzania, therefore no separate geographical segments exist.

The operating board of directors considers the business from market and product perspectives. Market wise, management considers the main lines through which it derives its revenue. Costs relating to group management are shared between Company and its subsidiary based on the agreed rates. Revenue for the entities is all derived from external customers. Revenue for DSE is majorly generated from the listing and trading of securities. The principal activity of the CSDR through which revenue is generated is, among others, to provide automated clearing, delivery and settlement facilities in respect of transactions carried out at the DSE as well as to provide Registry Services to listed and non-listed companies.

Management has not aggregated any operating segments and considered the information relating to CSDR to be relevant and useful to users of the financial statements of the group This has been included in the business segment information.

The segment information provided by management for the reportable segments for the year ended 31 December 2018 is as follows:

Notes (continued)

5 BUSINESS SEGMENTS INFORMATION (CONTINUED)

Segmental statement of profit or loss

	Year ended 31 December 2018			18 Month period ended 31 December 2017		
	DSE	CSDR	Group	DSE	CSDR	Group
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Revenue	3,644,338	995,485	4,639,823	6,949,004	405,448	7,354,452
Other income	411,296	5,049	416,345	530,142	-	530,142
	4,055,634	1,000,534	5,056,168	7,479,146	405,448	7,884,594
Staff costs	(1,841,165)	(413,959)	(2,255,124)	(2,450,312)	(69,233)	(2,519,545)
Depreciation and amortisation	(273,119)	(6,610)	(279,729)	(307,769)	-	(307,769)
Operating and other expenses	(1,702,075)	(351,629)	(2,053,704)	(2,412,875)	(96,457)	(2,509,332)
Impairment of trade receivables	(5,570)	(174)	(5,744)	(30,524)	-	(30,524)
	(3,821,929)	(772,372)	(4,594,301)	(5,201,480)	(165,690)	(5,367,170)
Profit before finance income	233,705	228,162	461,867	2,277,666	239,758	2,517,424
Finance income	1,351,793	18,188	1,369,981	2,820,090	-	2,820,090
Profit before tax	1,585,498	246,350	1,831,848	5,097,756	239,758	5,337,514
Taxation	-	(74,160)	(74,160)	-	(71,052)	(71,052)
Profit for the year	1,585,498	172,190	1,757,688	5,097,756	168,706	5,266,462

Notes (continued)

5 BUSINESS SEGMENTS INFORMATION (Continued)

Segmental assets, liabilities:

	As at 31 December 2018				As at 31 December 2017			
	DSE	**CSDR**	**Elimina-tions/ Con-solidation**	**Group**	DSE	CSDR	Elimina-tions/ Con-solidation	Group
	TZS	**TZS**	**TZS**	**TZS**	TZS	TZS	TZS	TZS
Non-current assets	**3,740,363**	**53,839**	**-**	**3,794,202**	3,877,134	850		3,877,984
Investment	**100,000**	**-**	**(100,000)**	**-**	100,000	-	(100,000)	
Current assets	**17,950,208**	**535,331**	**(30,005)**	**18,455,534**	17,611,640	503,704	(120,309)	17,995,035
	21,790,571	**589,170**	**(130,005)**	**22,249,736**	21,588,774	504,554	(220,310)	21,873,019
Owners' equity	**19,179,608**	**439,895**	**(100,000)**	**19,519,503**	18,982,472	268,707	(100,000)	19,151,179
Non-current liabilities	**1,337,308**	**-**	**-**	**1,337,308**	1,712,568			1,712,568
Current liabilities	**1,273,655**	**149,275**	**(30,005)**	**1,392,925**	893,734	235,847	(120,309)	1,009,272
	21,790,571	**589,170**	**(130,005)**	**22,249,736**	21,588,774	504,554	(220,310)	21,873,019

Statement of cash flows

	Year ended 31 December 2018			Eighteen month period ended 31 December 2017		
	DSE	**CSDR**	**Group**	DSE	CSDR	Group
	TZS'000	**TZS'000**	**TZS'000**	TZS'000	TZS'000	TZS'000
Operating activities	**1,095,216**	**142,142**	**1,237,358**	1,734,999	170,766	1,905,765
Investing activities	**(275,036)**	**(41,347)**	**(316,383)**	(10,808,503)	99,150	(10,709,353)
Financing activities	**(1,231,792)**	**-**	**(1,231,792)**	9,141,931	-	9,141,931
Net Increase in cash and cash equivalents	**(411,612)**	**100,795**	**(310,817)**	68,427	269,916	338,343
Cash and cash equivalents at the beginning of the period	**429,729**	**269,916**	**699,645**	361,302	-	361,302
Cash and cash equivalents at the end of the year	**18,117**	**370,711**	**388,828**	429,729	269,916	699,645

Notes (continued)

6 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following financial risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.
The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

a. Credit risk

The DSE customers are basically brokerage firms whom the DSE rules require them to furnish their financial position each quarter. DSE Management uses this information to evaluate the creditworthiness of each broker as a way of mitigating credit and investing in issuers with known credibility.

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
	Group	Group	Company	Company
	TZS'000	TZS'000	TZS'000	TZS'000
Trade receivables (Note 18)	**597,056**	1,231,206	**450,074**	997,419
Staff receivables (Note 18)	**57,859**	63,035	**55,020**	63,034
Short term deposits (Note 20)	**11,528,774**	11,676,707	**11,528,775**	11,676,707
Cash and cash equivalents (Note 21)	**388,828**	**699,645**	**18,117**	**429,729**
Government securities(Note 19)	**5,816,599**	**4,178,183**	**5,816,599**	**4,178,183**
	18,389,116	**17,848,776**	**17,868,585**	**17,345,072**

Notes (continued)

6 FINANCIAL RISK MANGEMENT (CONTINUED)

a. Credit risk (continued)

Expected credit losses:
The Group/Company has the following financial assets that are subject to IFRS 9 impairment requirements (Expected credit losses):
- Trade and other receivables
- Cash and cash equivalents
- Investments in government securities
- Short term deposits

The Group/Company was required to revise its impairment methodology under IFRS 9 for each of these classes of assets.

The impact of the change in impairment methodology on the Group/Company's retained earnings and equity is disclosed the statement of changes in equity.

While cash and cash equivalents, investments in government securities and short term deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

For trade and other receivables, the Group/Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical credit losses The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables due to the fact that the relationship was not established between change in macro-economics and expected credit losses but the group would continue to monitor the relationship in future

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for trade receivables.

Notes (continued)

6 FINANCIAL RISK MANGEMENT (CONTINUED)

a. Credit risk (continued)

Group

As at 31 December 2018	0 to 12 months TZS'000	12 to 18 months TZS'000	19 to 24 months TZS'000	Over 24 months TZS'000	Total TZS'000
Expected loss rate	0%	20%	50%	100%	
Gross carrying amount – trade receivables	567,534	36,904	-	5,935	610,373
Loss allowance	**-**	**7,381**	**-**	**5,936**	**13,316**

As at 31 December 2017	0 to 12 months TZS'000	12 to 18 months TZS'000	19 to 24 months TZS'000	Over 24 months TZS'000	Total TZS'000
Expected loss rate	0%	20%	50%	100%	
Gross carrying amount – trade receivables	1,223,866	37,864	-		1,261,730
Loss allowance	**-**	**7,573**	**-**		**7,573**

Company

As at 31 December 2018	0 to 12 months TZS'000	12 to 18 months TZS'000	19 to 24 months TZS'000	Over 24 months TZS'000	Total TZS'000
Expected loss rate	0%	20%	50%	100%	Total
Gross carrying amount – trade receivables	425,244	31,037	-	5,936	462,217
Loss allowance	**-**	**6,207**	**-**	**5,936**	**12,143**

As at 31 December 2017	0 to 12 months TZS'000	12 to 18 months TZS'000	19 to 24 months TZS'000	Over 24 months TZS'000	Total TZS'000
Expected loss rate	0%	20%	50%	100%	Total
Gross carrying amount – trade receivables	995,080	32,863			1,027,943
Loss allowance		**6,573**			**6,573**

Notes (continued)

6 FINANCIAL RISK MANGEMENT (CONTINUED)

a. Credit risk (continued)

Movement of the loss allowance is as shown below:

	Group	Company
	TZS'000	TZS'000
Impairment allowance – 31 December 2017	30,524	30,524
Re-measurement	7,573	6,573
Restated balance – 1 January 2018	38,097	37,097
Movement during the year		
Write offs	(30,524)	(30,524)
Charge during the year	5,744	5,570
Expected credit loss at 31 December 2018	13,316	12,143

b. Liquidity risk

Liquidity risk is the risk that the DSE will not be able to meet its financial obligations as they fall due. The DSE's approach in managing liquidity ensures as far as possible, it always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The DSE ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted..

The table below analyses the group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the statement of financial position. The amounts disclosed in the table below are the contractual undiscounted cash flows

Group	Less than 1 year
At 31 December 2018:	**TZS'000**
Trade and other payables	**634,601**
Borrowings	**150,000**
	784,601
At 31 December 2017:	
Trade and other payables	283,926

Notes (continued)

6 FINANCIAL RISK MANGEMENT (CONTINUED)

b. Liquidity risk (continued)

Company	Less than 1 year
At 31 December 2018	**TZS'000**
Trade and other payables	**557,621**
Borrowings	**150,000**
	707,621

At 31 December 2017:	
Trade and other payables	239,240

C. Market risk
Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

i. Currency risk
Currency risk arises on financial instruments that are denominated in a foreign currency, i.e. a currency other than the functional currency in which they are measured. Currency risk does not arise from non-monetary items or items denominated in the functional currency.

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. At the reporting date, the Group did not have significant assets and/ or liabilities denominated in foreign currency, therefore the impact of sensitivity analysis is not material.

The Group agree predetermined exchange rates with suppliers denominated in foreign currency and use the same to record and settle the outstanding amounts. Consequently expected impacts on exchange rate movements are eliminated.

ii. Interest rate risk
Interest rate risk is the risk that the DSE being exposed to gains or losses on fluctuations of interest in the market. The DSE exposure on interest rates fluctuations is mainly on its investment in short term securities and external funding or debt instruments.. This is mitigated by DSE management through regular review on interest rates movement in money market and hence shifting funds from Treasury bills to Fixed deposits and vice versa.

The following table analyses the interest risk profile for assets and liabilities at period end.

Profile
At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows

Notes (continued)

6 FINANCIAL RISK MANGEMENT (CONTINUED)

C. Market risk (continued)

	Carrying amount			
	As at 31 December 2018	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2017**
	Group	**Group**	**Company**	**Company**
Fixed rate instruments: Financial assets	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Short term deposits	**11,528,774**	11,676,707	11,528,774	11,676,707
Government securities	**5,816,599**	4,178,183	5,816,599	4,178,183
	17,345,373	15,854,890	17,345,373	15,854,890
Fixed rate instruments: Financial liabilities				
Borrowings	**150,000**	-	**150,000**	-

Fair value sensitivity analysis for fixed rate instruments

The group neither account for any fixed rate financial assets and liabilities at fair value nor financial assets and liabilities are remeasured at fair value thus sensitivity to changes in interest rate is not considered relevant

Fair value of financial instrument

All financial assets and liabilities are short term instruments carried at amortised cost and as a result of short term nature, the carrying values approximates their fair values.

Capital risk management

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market and to sustain future development of the business. Capital consists of total equity

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital.The company obtained a short term borrowing amounting to TZS 150 Million, the borrowing was from Akiba Commercial Bank and was mainly for financing short term maturing Obligation. The Facility was secured by the fixed deposit of Ths. 200 million and was for one month with the interest rate of 15% per annum

Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio:
Net debt
divided by
Total 'equity' (as shown in the statement of financial position)

The gearing ratios for group at 31 December 2018 and 31 December 2017 were as follows:

Notes (continued)

6 FINANCIAL RISK MANGEMENT (CONTINUED)

C. Market risk (continued)

	As at 31 December 2018 TZS'000	As at 31 December 2017 TZS'000
Net debt (i)	(200,142)	(699,645)
Total equity	19,391,283	19,151,179
Net debt to equity	-1.0%	-3.7%
Net debts		
Cash and cash equivalent	350,142	699,645
Borrowings	(150,000)	-
	200,142	699,645

Notes (continued)

7 REVENUE

	Year ended 31 December 2018 Group TZS'000	Eighteen month period ended 31 December 2017 Group TZS'000	Year ended 31 December 2018 Company TZS'000	Eighteen month period ended 31 December 2017 Company TZS'000
Listing fees				
Equity	**456,655**	659,226	**456,655**	659,226
Government bonds	**2,075,400**	3,054,201	**2,075,400**	3,054,201
Corporate bonds	**22,349**	53,602	**22,349**	53,602
	2,554,404	3,767,029	**2,554,404**	3,767,029
Transaction fees				
Equity	**583,354**	1,994,149	**583,354**	1,994,149
Bonds	**208,613**	207,615	**208,613**	207,615
	791,967	2,201,764	**791,967**	2,201,764
Central Securities Depository (CSD) fees				
Annual membership fees	**37,000**	40,000	**-**	40,000
Transaction fees	**253,546**	839,707	**-**	600,564
Membership application fees	**2,000**	-	**-**	-
Shares immobilization fees	**-**	31,726	**-**	-
CSD bond trading fees	**159,066**	23,763	**-**	-
Dividend processing income	**265,362**	180,983	**-**	80,167
Initial Public Offer processing fees	**50,011**	82,218	**-**	82,218
Registry services	**34,000**	42,000	**-**	32,000
International Securities Identification Number (ISIN)	**7,800**	12,300	**7,800**	12,300
Register annual maintenance fee	**194,500**	-	**-**	-
	1,003,285	1,252,697	**7,800**	847,249
Other operating income				
Data vending historical	**12,975**	16,230	**12,975**	16,230
Data vending end of day	**15,867**	17,644	**15,867**	17,644
Data vending real time	**27,325**	33,088	**27,325**	33,088
Custodian banks membership fees	**1,000**	6,000	**1,000**	6,000
Licenced Dealing Member (LDM) membership fees	**24,000**	35,000	**24,000**	35,000
Nominated Advisors (NOMAD) membership fees		12,500	**-**	12,500
Listing income realized	**209,000**	12,500	**209,000**	12,500
	290,167	132,962	**290,167**	132,962
	4,639,823	7,354,452	**3,644,338**	6,949,004

Notes (continued)

8 OTHER INCOME	Year ended 31 December 2018 Group TZS'000	Eighteen month period ended 31 December 2017 Group TZS'000	Year ended 31 December 2018 Company TZS'000	Eighteen month period ended 31 December 2017 Company TZS'000
Grant from donors	**5,000**	63,500	**5,000**	63,500
Training income	**31,200**	60,400	**31,200**	60,400
Gain on exchange of foreign currency	**494**	-	**494**	-
Amortisation of grant (Note 23)	**375,260**	349,694	**375,260**	349,694
Miscellaneous income	**4,391**	56,548	**(658)**	56,548
	416,345	530,142	**411,296**	530,142

9 STAFF COSTS	Year ended 31 December 2018 Group TZS'000	Eighteen month period ended 31 December 2017 Group TZS'000	Year ended 31 December 2018 Company TZS'000	Eighteen month period ended 31 December 2017 Company TZS'000
Salary and wages	**1,580,141**	1,848,927	**1,252,642**	1,794,246
Skills and development levy	**71,069**	82,702	**56,369**	80,241
Employer contribution to pension funds (defined contribution plan)	**196,568**	229,848	**158,905**	223,439
Leave cost	**98,507**	108,795	**84,265**	106,934
Medical expenses	**132,596**	134,859	**121,812**	131,911
Training and workshops	**89,730**	38,723	**88,470**	38,723
Other staff cost; special, acting and furniture allowances	**45,980**	66,486	**40,450**	65,886
Workers' Compensation Fund	**7,843**	9,205	**6,263**	8,932
Fuel allowance	**13,571**	-	**12,870**	-
Directors training	**19,119**	-	**19,119**	-
	2,255,124	2,519,545	**1,841,165**	2,450,312

Notes (continued)

		Year ended 31 December 2018 Group TZS'000	Eighteen month period ended 31 December 2017 Group TZS'000	Year ended 31 December 2018 Company TZS'000	Eighteen month period ended 31 December 2017 Company TZS'000
10	**EXPENSES**				
a)	**Information technology costs**				
	DSE Automated Trading System (DATS) running costs	**62,790**	92,428	**55,419**	90,269
	Automatic Trading System (ATS) license fee	**132,215**	407,847	**110,201**	406,604
	Enhance system infrastructure	**80,550**	105,338	**69,947**	70,179
	DATS training	**11,070**	25,463	**11,070**	25,463
		286,625	631,076	**246,637**	592,515
b)	**Office rent**	**290,515**	470,652	**254,200**	461,908
c)	**Other expenses**				
	Dividend processing costs	**125,176**	50,882	**23,155**	50,882
	Public education and business development costs	**303,564**	415,834	**262,910**	415,834
	Regional integration costs	**10,612**	76,309	**10,612**	76,309
	CSD certificates and license	**6,960**	30,034	**655**	30,034
	Directors' fee	**143,224**	97,518	**103,727**	97,518
	Board expenses	**62,462**	113,647	**43,570**	110,847
	Telephone, internet and courier cost	**63,283**	76,657	**48,028**	75,320
	Stationery and consumables	**27,425**	26,907	**20,288**	26,278
	Repair and maintenance	**16,700**	11,130	**14,715**	10,760
	Donations and hospitality cost	**193**	2,750	**193**	2,750
	Fuel expenses	**14,752**	16,000	**13,360**	15,640
	Legal charges	**108,416**	186,535	**108,416**	186,535
	Internal audit fees	**-**	14,691	**-**	14,691
	Audit fee	**65,000**	56,000	**56,875,**	50,000
	Subscriptions, tenders and newspapers	**108,013**	86,440	**102,536**	86,360
	Electricity and security cost	**15,509**	17,334	**14,051**	17,053
	Bank charges and insurance	**29,116**	20,653	**25,066**	19,744
	Office cleaning, parking and recreations	**45,607**	61,581	**39,025**	61,035
	Demutualisation	**-**	3,707	**-**	3,707
	Preoperational costs	**-**	35,685	**-**	-
	DSE IPO processing expenses	**1,663**	-	**-**	-
	Other administrative costs	**37,446**	7,310	**34,404**	7,155
	Consultancy fee	**170,817**	-	**170,817**	-
	CMSA regulatory fee	**120,626**	-	**108,835**	-
		1,476,564	1,407,604	**1,201,238**	1,358,452
					-
		2,053,704	2,509,332	**1,702,075**	2,412,875

Notes (continued)

11 FINANCE INCOME

	Year ended 31 December 2018 Group TZS'000	Eighteen month period ended 31 December 2017 Group TZS'000	Year ended 31 December 2018 Company TZS'000	Eighteen month period ended 31 December 2017 Company TZS'000
Interest income - short term deposits	**1,369,981**	2,820,090	**1,351,793**	2,820,090

12a INCOME TAX EXPENSE

	Group TZS'000	Group TZS'000	Company TZS'000	Company TZS'000
Current income tax	**74,226**	71,052	**-**	-
Deferred Income Tax	**(66)**	-	**-**	-
Total	**74,160**	71,052	**-**	-

DSE PLC income is a tax exempt as per section 32(a) of the Financial Act of 2012. Following incorporation and operationalization of CSDR company, a wholly own subsidiary of the DSE PLC, On 1st October 2017, its tax status is taxable. The following is reconciliation between expected tax based on group and income tax expense

INCOME TAX EXPENSE	Year ended 31 December 2018 TZS	Eighteen month period ended 31 December 2017 TZS	Year ended 31 December 2018 TZS	Eighteen month period ended 31 December 2017 TZS
Profit before income tax	**1,831,848**	5,337,514	**1,585,498**	5,097,756
Tax calculated at a tax rate of 30 %	**549,554**	1,601,254	**475,649**	1,529,327
Tax effect of:				
Expenses not deductible for tax purposes	**255**	(875)		
Income not subject to tax	**(475,649)**	(1,529,327)	**(475,649)**	(1,529,327)
Income tax expense	**74,160**	71,052	**-**	-

Notes (continued)

12b DEFERRED TAX ASSEST

Deferred income tax Asset are calculated, using the enacted income tax of 30% (2017: 30%). The movement on the deferred income tax account is as follows:

As at 31 December 2018				
At start of year	-	-	-	-
Charge to profit or loss	66	-	-	-
At end of year	66	-	-	-

	1-January-18	Prior year charge	Current year charge	31-December 2018
	TZS'000	TZS'000	TZS'000	TZS'000
Temporary timing difference	-	-	2,864	2,864
Property and equipment	-	-	(2,798)	(2,798)
Net deferred tax liability	-	-	66	66

Notes (continued)

13 PROPERTY AND EQUIPMENT

GROUP	Office Equipment	Office Fur-niture	Power Generator	Motor Vehicles	Office Parti-tion	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost						
At 01 July 2016	848,965	51,256	39,115	127,509	168,636	1,235,481
Additions	357,061	9,557	-	283,573	251	650,442
Reclassification	(14,839)	14,839	-	-	-	-
Disposal	(97,381)	(600)		(127,509)	-	(225,490)
At 31 December 2017	1,093,806	75,052	39,115	283,573	168,887	1,660,433
At 1st January 2018	1,093,806	75,052	39,115	283,573	168,887	1,660,433
Additions	57,188	7,390	-	-	-	64,578
At 31 December 2018	**1,150,994**	**82,442**	**39,115**	**283,573**	**168,887**	**1,725,011**
Accumulated depreciation						
At 01 July 2016	836,768	43,754	39,115	127,509	165,869	1,213,015
Charged during the period	95,980	7,037	-	47,262	3,018	153,297
Reclassification	(12,747)	12,747	-	-	-	-
Disposals	(95,785)	(600)	-	(127,509)	-	(223,894)
At 31 December 2017	824,216	62,938	39,115	47,262	168,887	1,142,418
At 01 January 2018	824,216	62,938	39,115	47,262	168,887	1,142,418
Charge during the year	99,151	5,626	-	70,893	-	175,670
At 31 December 2018	**923,367**	**68,564**	**39,115,**	**118,155**	**168,887**	**1,318,088**
Carrying amount						
At 31 December 2018	**227,627**	**13,878**	**-**	**165,418**	**-**	**406,923**
At 30 December 2017	269,590	12,114	-	236,311	-	518,015

Notes (continued)

13 PROPERTY AND EQUIPMENT (CONTINUED)

COMPANY

	Office Equipment	Office Furniture	Power Generator	Motor Vehicles	Office Partition	Total
Cost	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**
At 01 July 2016	848,965	51,256	39,115	127,509	168,636	1,235,481
Additions	356,211	9,557	-	283,573	251	649,592
Reclassification	(14,839)	14,839	-	-	-	-
Disposal	(97,381)	(600)	-	(127,509)	-	(225,490)
At 31 December 2017	1,092,956	75,052	39,115	283,573	168,887	1,659,583
At 01 January 2018	1,092,956	75,052	39,115	283,573	168,887	1,659,583
Additions	50,413	2,260	-	-	-	52,673
At 31 December 2018	**1,143,369**	**77,312**	**39,115**	**283,573**	**168,887**	**1,712,256**
Accumulated Depreciation						
At 01 July 2016	836,768	43,754	39,115	127,509	165,869	1,213,015
Charge during the period	95,980	7,037	-	47,262	3,018	153,297
Reclassification	(12,747)	12,747	-	-	-	-
Disposal	(95,785)	(600)	-	(127,509)	-	(223,894)
	824,216	62,938	39,115	47,262	168,887	1,142,418
At 01 January 2018	824,216	62,938	39,115	47,262	168,887	1,142,418
Charge during the year	98,213	4,914	-	70,893	-	174,020
At 31 December 2018	**922,429**	**67,852**	**39,115**	**118,155**	**168,887**	**1,316,438**
Carrying amount						
At 31 December 2018	**220,940**	**9,460**	**-**	**165,418**	**-**	**395,818**
At 31 December 2017	**268,740**	**12,114**	**-**	**236,311**	**-**	**517,165**

Notes (continued)

14 NON-CURRENT PREPAYMENT

	As at 31 December 2018 Group TZS'000	As at 31 December 2017 Group TZS'000	As at 31 December 2018 Company TZS'000	As at 31 December 2017 Company TZS'000
Opening balance of the prepayment	**2,776,767**	1,359,635	**2,776,767**	1,359,635
Add: Payment of the second instalment	**-**	1,417,132	**-**	1,417,132
Additional Amount-Partition Cost	**42,817**	-	**42,817**	-
	2,819,584	2,776,767	**2,819,584**	2,776,767

The non-current prepayment is related to the purchase of office space measuring approximately nine hundred and six decimal one four square metres (906.14 sqm) being part of a building constructed by the National Housing Corporation (NHC) on Plot Numbers 1-3, Mwai Kibaki Road (famously referred to as NHC's Morroco Square project) and Plot Number 44 Ursino Street, Real Estate - Kinondoni Municipality, Dar es salaam.

During the period, DSE has not paid additional payment to NHC and as of now DSE has already paid a sum of Tsh. 2,776,767,380 excluding VAT, which is 60% of the agreed purchase price. Once construction work is completed and all payment instalments made by the DSE to NHC, the amount will be recognised as property, plant and equipment.

15 INTANGIBLE ASSET

Intangible asset relates to software used by DSE on day to day operations. This consists of Automated Trading System (ATS), Central Securities Depository (CSD) and Pastel Accounting software, whose movement was as follows:

	As at 31 December 2018 Group TZS'000	As at 31 December 2017 Group TZS'000	As at 31 December 2018 Company TZS'000	As at 31 December 2017 Company TZS'000
Cost				
At start of the year/period	**1,255,428**	1,191,832	**1,255,428**	1,191,832
Additions	**88,486**	63,596	**40,858**	63,596
At end of the year/period	**1,343,914**	1,255,428	**1,296,286**	1,255,428
Accumulated amortisation				
At start of the year/period	**1,146,181**	1,011,715	**1,146,181**	1,011,715
Charge during the year/period	**94,061**	134,466	**89,101**	134,466
At end of the year/period	**1,240,242**	1,146,181	**1,235,282**	1,146,181
Net carrying amount				
At end of the year/period	**103,672**	109,247	**61,004**	109,247

Notes (continued)

16 LEASEHOLD LAND AND BUILDING

Cost	Leasehold Land TZS'000	Building TZS'000	Total TZS'000
At 01 July 2016	350,000	160,540	510,540
Additions	-	-	-
At 31 December 2017	**350,000**	**160,540**	**510,540**
At 01 January 2018	350,000	160,540	510,540
Additions	-	-	-
At 31 December 2018	**350,000**	**160,540**	**510,540**
Accumulated depreciation			
At 01 July 2016	10,000	6,579	16,579
Charged During the period	13,996	6,010	20,006
At 31 December 2017	23,996	12,589	36,585
At 01 January 2018	23,996	12,589	36,585
Charge during the period	5,985	4,013	9,998
At 31 December 2018	**29,981**	**16,602**	**46,583**
Carrying amount			
At 30 December 2018 (Group/Company)	**320,019**	**143,938**	**463,957**
At 30 December 2017 (Group/Company)	326,004	147,951	473,955

If leasehold land was measured using the cost model, the carrying amounts would be, as follows:

	As at 31 December 2018	**As at 31 December 2017**
Cost	**TZS'000**	TZS'000
Accumulated depreciation	**41,603**	41,603
Net carrying amount	**(3,201)**	(2,551)
	38,402	39,052

Leasehold land was acquired from National Insurance Company Limited. The Exchange's leasehold land and buildings comprise residential properties located at Plot No. 109 Kingalu road in Morogoro. Land and buildings are measured at fair value based on valuations by external independent valuers, Majengo Estates developer (registered valuers and estate agents of Dar es Salaam Tanzania) carried out in June 2015 less subsequent amortisation and depreciation for land and buildings respectively.

Leasehold land has been used to erect the building in conformity to the Morogoro Municipal Council plans. DSE has the right to renew occupancy of the leasehold land from the Government of United Republic of Tanzania after the end of lease term of 99 years from 1 January 1975.

Notes (continued)

16 LEASEHOLD LAND AND BUILDING (CONTINUED)

If buildings were measured using the cost model, the carrying amount would be, as follows:

	As at 31 December 2018 TZS'000	As at 31 December 2017 TZS'000
Cost	**103,331**	103,331
Accumulated depreciation	**(8,971)**	(6,388)
Net carrying amount	**94,360**	96,943

Key inputs to valuation of land and buildings

	Significant inputs	Range (weighted average)
Buildings	Estimated rental value per square meter per month	TZS 12,000 to TZS 14,000 (Average of TZS 13,000)
	Rent growth per annum	0% - 5% (Average of 2.5%)
Leasehold Land	Selling price per square meter	TZS 75,000

Valuation techniques for the Exchange's properties:

Buildings	Buildings, structures and services were valued using comparative method, also referred to as the Direct Capital Comparison Approach.
Leasehold Land	Leasehold land was valued using market approach

The valuations for the leasehold land and buildings are classified into level 2 hierarchy since the significant inputs into the valuations are the open market prices for buildings in the same location and these are observable, either directly or indirectly from the market. There have been no transfers into or out of this fair value hierarchy.

Fair value of the properties was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. As at the date of revaluation on 30 June 2015, the properties' fair values are based on valuations performed by an accredited independent valuer who has valuation experience for similar office properties in Tanzania since 2006. The directors believe that the valuations performed are still relevant for the current period as there have not been significant changes in prices since then.

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

Leasehold land was acquired from National Insurance Company Ltd with the remaining period of 63 years.

Notes (continued)

17 INVESTMENT IN SUBSIDIARY

In the year 2017, the Company invested TZS 100 million in a wholly owned subsidiary, CSDR Company. The CSDR Company assumed the function of settlement and custody of security services which initially was part of the DSE operations.

	As at 31 December 2018 Group TZS'000	As at 31 December 2017 Group TZS'000	As at 31 December 2018 Company TZS'000	As at 31 December 2017 Company TZS,000
18a TRADE RECEIVABLES				
Listing fee receivables	**299,632**	721,396	**299,632**	721,396
Transaction fee receivables	**310,741**	540,334	**162,585**	306,547
Loss allowance (see note 6(a))	**(13,316)**	(30,524)	**(12,143)**	(30,524)
	597,056	1,231,206	**450,074**	997,419
18b OTHER RECEIVABLES				
Staff car loans receivables	**42,691**	34,557	**42,691**	34,556
Staff advances	**15,168**	28,478	**12,329**	28,478
Prepaid expenses and other receivables	**58,211**	130,034	**73,417**	250,343
	116,070	193,069	**128,437**	313,377
19 GOVERNMENT SECURITIES				
At amortised cost				
Treasury bond	**3,259,121**	790,201	**3,259,121**	790,201
Treasury bill	**2,557,478**	3,387,982	**2,557,478**	3,387,982
	5,816,599	4,178,183	**5,816,599**	4,178,183

20 SHORT TERM DEPOSITS

These are fixed deposits with various financial institutions.

Short term deposits	**11,528,774**	11,676,707	**11,528,774**	11,676,707
The short-term deposits are held at the following institutions:				
Equity Bank Tanzania Limited	**3,719,205**	3,935,620	**3,719,205**	3,935,620
Equity Bank Tanzania Limited	**1,040,167**	-	**1,040,167**	-
Stanbic Bank Tanzania Limited	**-**	3,259,289	**-**	3,259,289
NMB Bank Plc	**2,326,292**	2,169,101	**2,326,292**	2,169,101
NMB Bank Plc	**2,146,473**	-	**2,146,473**	-
CRDB Bank Plc	**-**	1,000,493	**-**	1,000,493
Twiga Bancorp	**-**	1,312,204	**-**	1,312,204
KCB Bank	**2,296,637**	-	**2,296,637**	-
	11,528,774	11,676,707	**11,528,774**	11,676,707

Notes (continued)

20 SHORT TERM DEPOSITS (CONTINUED)

All short-term deposits have original maturities of more than 3 months but less than one year except for CRDB which has been classified as cash and cash equivalent

The effective interest rate and maturity date on short term deposits as at 31 December 2018 and 31 December 2017 are shown below:

	As at 31 December 2018		As at 31 December 2017	
FDR Summary	**Effective interest rate per annum**	**Maturity date**	Effective interest rate per annum	Maturity date
Equity Bank	**10.00%**	**21-Apr-19**	12.25%	29-Jun-18
Equity Bank	**9.00%**	**3-Jan-19**	N/A	N/A
Stanbic Bank	**N/A**	**N/A**	13.80%	20-Apr-18
NMB Bank Plc	**6.00%**	**24-Apr-19**	13.50%	20-Apr-18
NMB Bank Plc	**10.00%**	**6-Aug-19**	N/A	N/A
CRDB Bank Plc	**7.00%**	**28-Mar-19**	10.00%	29-Jun-18
KCB Bank	**7.00%**	**8-Feb-19**	N/A	N/A
Twiga Bancorp	**N/A**	**N/A**	9.94%	20-Feb-18

21 CASH AND CASH EQUIVALENTS

	As at 31 December 2018 Group TZS'000	As at 31 December 2017 Group TZS'000	**As at 31 December 2018 Company TZS'000**	As at 31 December 2017 Company TZS'000
Cash at bank	**38,493**	698,667	**17,924**	428,752
Cash at hand	**193**	978	**193**	977
Short term deposit (maturity of 3 months)	**350,142**	-	**-**	-
Unrestricted cash and bank balances	**388,828**	699,645	**18,117**	429,729
<u>Restricted cash and bank balances</u>				
Cash at bank - ACB Car Loan Fund*	**8,207**	16,225	**8,207**	16,225
Total cash and cash equivalents	**397,035**	715,870	**26,324**	445,954

* This is the balance which relates to cash set aside for the purpose of extending loans to staff for purchase of motor vehicles.

For the purpose of the statement of cash flows, cash and cash equivalents comprises unrestricted cash at hand and in bank as indicated above.

22 CAR LOAN FUND

	As at 31 December 2018 Group TZS'000	As at 31 December 2017 Group TZS'000	**As at 31 December 2018 Company TZS'000**	As at 31 December 2017 Company TZS'000
Car loan fund at end of the year	**35,000**	35,000	**35,000**	35,000

This is a fund established on 3rd August, 2001 from the accumulated fund account with a seed capital of TZS 35 million for the purpose of extending loans to staff for purchase of motor vehicles.

Notes (continued)

23 GRANT	At 31 December 2018 Group TZS'000	At 31 December 2017 Group TZS'000	At 31 December 2018 Company TZS'000	At 31 December 2017 Company TZS'000
At start of the period	**1,712,568**	1,512,698	**1,712,568**	1,512,698
Grant received	**-**	549,564	**-**	549,564
Grant amortization	**(375,260)**	(349,694)	**(375,260)**	(349,694)
At end of the period	**1,337,308**	1,712,568	**1,337,308**	1,712,568

The grants comprise the following items: Automated Trading System, and cash advanced to the DSE by the Government.

Grants are issued on condition of being spent on the intended activity and DSE to maintain appropriate financial records in relation to the grant project funds.

24 SHARE CAPITAL	At 31 December 2018 Company TZS'000	At 31 December 2017 Group TZS'000	At 31 December 2018 Company TZS'000	At 31 December 2017 Company TZS'000
The Exchange has authorised capital of TZS 20 billion divided into 50 million ordinary shares of TZS 400 each	**20,000,000**	20,000,000	**20,000,000**	20,000,000
Issued and fully paid: 23,824,020 ordinary shares of TZS 400 each (ordinary shares)	**9,529,608**	9,529,608	**9,529,608**	9,529,608
Share premium	**1,850,374**	1,850,374	**1,850,374**	1,850,374-

Notes (continued)

25 TRADE AND OTHER PAYABLES

	As at 31 December 2018 Group TZS'000	As at 31 December 2017 Group TZS'000	As at 31 December 2018 Group TZS'000	As at 31 December 2017 Group TZS'000
(a) Contract Liabilities (IFRS 15)/ Deferred revenue (IAS 18)				
- Listing fee from Corporate entities	**38,950**	260,250	**38,950**	260,250
- Listing fee from Government Bond	**527,083**	394,044	**527,083**	394,044
	566,033	654,294	**566,033**	654,294
(b) Trade payables				
Accruals	**623,644**	273,196	**546,748**	228,710
Trade Payables	**10,957**	10,730	**10,874**	10,730
	634,601	283,926	**557,622**	239,440
	1,200,634	938,220	**1,123,655**	893,734

Contract liabilities as per IFRS 15 , previously referred to as deferred revenue under IAS 18, relates to the listing fee that DSE has received from companies who are on the process of listing to the exchange but the same has not yet been realized, it also includes the amount that was received from annual listing fee of government bonds which is being amortized in the DSE books on monthly basis.

Terms and conditions of the above liabilities:
Trade payables are non-interest bearing and are normally settled between 15 to 45 days after date of invoice.
Accruals are non-interest bearing and have an average term of 30 days.

26 BORROWING

The Company had a short term loan facility with Akiba commercial bank of Tsh. 150,000,000/= at interest rate of 15% per annum. DSE required this facility to finance its short term maturing obligations. The facility was secured by DSE fixed deposit of Tsh.200,000,000 . The facility was fully paid on 15th January 2019.

Notes (continued)

27 RELATED PARTY TRANSACTIONS

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the exchange, directly or indirectly of the exchange.

i. Executive Key Personnel

	Year ended 31 December 2018	Eighteen month period ended 31 December 2017	**Year Ended 31 December 2018**	Eighteen month period ended 31 December 2017
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS'000
Short-term employee benefits (salaries and allowances)	**944,131**	1,093,050	**748,465**	1,063,792
Post-employment benefits (defined contribution plans)	**68,337**	145,101	**60,570**	141,646
	1,012,468	1,238,151	**809,035**	1,205,438

	For year ended 31 December 2018	For year ended 31 December 2017	**For year ended 31 December 2018**	Eighteen month period ended 31 December 2017
	Group	Group	**Company**	Company
ii. Director fee	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Directors' fees	**143,224**	97,518	**103,727**	97,518
	143,224	97,518	**103,727**	97,518

Notes (continued)

28 EARNINGS PER SHARE

Basic Earnings per Share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Exchange by the weighted average number of ordinary shares outstanding during the period. DSE does not have potential ordinary shares with convertible options and therefore there is no dilutive impact on the profit attributable to the ordinary shareholders of the exchange.

	As at 31 December 2018 Group TZS'000	As at 31 December 2017 Group TZS'000	As at 31 December 2018 Company TZS'000	As at 31 December 2017 Company TZS'000
Net profit attributable to shareholders (TZS)	**1,757,688**	5,266,462	**1,585,498**	5,097,756
Weighted average number of ordinary shares in issue (note 24)	**23,824**	23,824	**23,824**	23,824
Basic/diluted earnings per share (TZS)	**73.78**	221.06	**66.55**	213.98
Dividends paid	**1,381,792**	1,000,608	**1,381,792**	1,000,608
Dividend per share	**58**	42	**58**	42

In June 2016 DSE issued shares to the public and thereafter self-listed its shares on its own Exchange on 12th July 2016. Earnings per share have been calculated for the current period and previous period.

DIVIDEND PAID

During its 3rd Dar Es Salaam Stock Exchange PLC (DSE) Annual General Meeting, the DSE Shareholders approved a final dividend of TZS 58 per share. Which amounted to TZS 1,381,792,000 Date of payment was 20th September 2018.

29 COMMITMENTS

Capital commitment

Acquisition of an office

The Exchange has entered into an agreement with the National Housing Corporation to purchase an office space at the Morocco Square project currently under construction. The space to be acquired is 900 SQM which is expected to cost USD 2,124,000/=. The Exchange has already settled the first and the second instalments to the acquisition amounting to TZS 2,776,767,380/= which is 60% of the total cost and therefore there is a commitment of USD 849,600.

Operating lease commitment - Group as lessee

In December 2018, the group terminated the rental contract with PSPF. The exchange had entered into commercial lease with PSPF to occupy office premises at 14th floor of the Golden Jubilee Towers Ohio Street in Dar es Salaam. As at end of December 2018, there are no commitments in relation to this agreement

The analysis of future minimum lease payments for operating leases at the balance sheet date is as follows;

Notes (continued)

29 COMMITMENTS (CONTINUED)

	As at 31 December 2018	As At 31 December2017
	TZS'000	TZS'000
Within one year	-	264,492
Between two and five years	-	1,057,969
	-	1,322,461

30 EVENTS AFTER THE REPORTING PERIOD

As at the reporting date, there were no subsequent events identified that requires adjustment in these financial statements

31 COMPARATIVES

The comparatives are for the period of 18 months from 1st July 2016 to 31st December 2017 and therefore not comparable as the current year numbers are for one year. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

PROXY FORM

DSE
Creating Opportunities

DAR ES SALAAM STOCK EXCHANGE PUBLIC LIMITED COMPANY

Company Secretary

Dar es Salaam Stock Exchange PLC

P.O Box 70081

Dar Es Salaam

Please complete in block letters

I/We,……..………………………………..……………………… of

……………………….……………… being a shareholder/ shareholders of Dar es Salaam Stock Exchange PLC hereby appoint ……………... …………………….………………………….. or failing him/her ……………………………..……, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 25th June 2019, at the New Africa Hotel, Dar Es Salaam, or at any adjournment thereof.

Signed and witnessed on this ……. day of ………………, 2019

……………………………..

Signature(s)

DAR ES SALAAM STOCK EXCHANGE PLC

NOTICE OF THE 4TH ANNUAL GENERAL MEETING

Notice is hereby given that the 4th Annual General Meeting (AGM) of the Shareholders of the Dar Es Salaam Stock Exchange PLC (DSE PLC) will be held on **Tuesday 25th June 2019** at **Crystal Ballroom, Ground Floor, New Africa Hotel,** Corner of Azikiwe Street / Sokoine Drive, Dar-es-Salaam at 9.30 a.m.

The Agenda for the meeting will be:

1. Adoption of the Agenda;
2. Confirmation of the Minutes of the 3rd Annual General Meeting of the DSE PLC;
3. Matters Arising from the 3rd Annual General Meeting of the DSE PLC;
4. To Receive and Adopt:
   - 1.1 The Board's Report for the year ended 31st December 2018;
   - 1.2 The DSE Group Audited Financial Statements and Auditors' Report for the year ended 31st December 2018;
   - 1.3 Fidelity Fund Audited Financial Statements and Auditors' Report for the year ended 31st December 2018;
5. To Ratify Auditors' Fees;
6. Appointment of External Auditors for the year 2019;
7. To Approve Directors' Fees for the year ending 31st December 2019;
8. To Approve Proposed Dividends for the year ended 31st December 2018;
9. Election of Members to the DSE Board of Directors; and
10. Any Other Business.

Notes:

1. A member wishing to attend the meeting will do so at their own costs and must come with a copy of his/her Depository Receipt together with an identification card like voter's card or employment card or passport, for identification.
2. Annual Reports for the year 2018 and copies of the proxy forms will be available at the DSE Offices situated at 3rd Floor, Kambarage House, Ufukoni Street, Dar es Salaam as well as the Licensed Dealing Members of the DSE (Stockbrokers) effectively from Monday 10th June 2019.
3. A member entitled to attend and vote at the meeting and who is unable to attend, can appoint a proxy to attend and vote in his/her behalf by submitting his/her proxy form to the Company Secretary at the DSE Offices not later than 14:00 hours on Monday 24th June 2019. In case of corporate body, the proxy must be under its common seal.
4. The Register Closing date for determining shareholders entitled to vote will be Wednesday 19th June 2019.

By order of the Board

Mary Stephen Mniwasa

Secretary to the Board

4th June 2019