DSE
Creating Opportunities

DAR ES SALAAM STOCK EXCHANGE PLC

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Table of contents

| CHAIRMAN'S STATEMENT

Introduction

On behalf of the Board of Directors of the Dar es Salaam Stock Exchange Plc (DSE) I am pleased to present to you the Annual Report and the audited Financial Statements of the DSE for the financial year ended December, 31 2019.

Operating Environment and Financial Performance

2019 was a good year with a growing and stable economy. Tanzania's real gross domestic product (GDP) grew by 6.8 percent in 2019. The growth was supported by increase in investment to certain sectors particularly construction (roads, railway, and airports); stability in electricity supply, transportation services; increase in minerals extraction- specifically gold and coal as well as increase in agriculture produce. Sectors which had high growth in 2019 include construction (16.5 percent); mining (13.7 percent); information and communication (10.7 percent; water (9.1 percent) as well as transportation and warehousing (9.0 percent). Both inflation and exchange rates were stable. Annual inflation remained low at 3.8% a slight increase from 3.3% in 2018. Exchange rate also registered marginal increase with the US dollar exchanging at TZS 2,287.93 from an average of TZS 2,281.20 in 2018.

In the backdrop of the growing economy, the year 2019 witnessed an improved performance in the stock market activity. Trading value increased by 198 percent, volume of shares traded increased by 3 percent and the bond turnover (in trading value) increased by 13 percent.

Performance and Dividend Recommendation

The 2019 financial year was the second year of implementation of the 2018-2022 DSE Strategic Plan II. In the year, DSE planned to implement some key strategic activities including (i) Devising mechanisms for liquidity enhancement, (ii) Preparatory work on introduction of "DSE Enterprises Acceleration Program"; (iii) Sustaining efforts aiming at attaining full membership to the World Federation of Exchanges (WFE) and classification to Frontier Market status (iv) Enhancing profiling and visibility of the DSE and (v) Increasing efficiency of DSE operations leading to enhancement of profitability.

I am happy to report that most of the planned activities were implemented as planned. During the year DSE was admitted as a full member of WFE and attained a frontier market status classification by Country Classification Agent (FTSE Russell); it achieved liquidity ratio of 6% of domestic market capitalization and 12% of outstanding bonds. On shareholders' value enhancement, DSE attained a 16% return on equity and 15% return on assets translating to an earnings per share of TZS 148.92 Part of this value is going to be returned to shareholders in the form of the TZS 74.46 per share dividend that has been recommended by the Board for approval by the Annual General Meeting. The CEO's Statement and financial performance highlights provide further details of the DSE financial performance in 2019.

Governance

During the year, Shareholders resolved to reconstitute the Board of Directors by appointing new directors and electing new Chairman of the Board. The move was aimed at improving governance and foster strategic focus of the Exchange. All directors are well qualified and accomplished in their fields and bring with them a wealth of business and professional knowledge and experience.

I would like to express the commitment of the Board in adding value to the Exchange and ensuring that shareholders' interests are well represented and protected. On behalf of the Board, I would also like to express my gratitude to the outgoing directors for their excellent contributions to the Exchange during their tenure. I take this opportunity to wish them prosperity in their future endeavors.

| CHAIRMAN'S STATEMENT (CONTINUED)

Strengthening Partnership and Corporate Social Responsibility

During the same year DSE conducted DSE members award where members were awarded different award on the different categories. This is part of DSE initiatives of Promoting Excellence in Sustainability, Fostering Good Corporate Governance, and Enhancing Corporate Responsibility and ensuring continuing membership obligations among Listed Companies, Brokers/Dealers as well as Custodian Banks in the Tanzanian capital markets. The event was graced by the Deputy Minister for Finance and Planning Hon. Dr. Ashatu K. Kijaji (MP)

In adherence to the UN Sustainable Development Goals, particularly the goals relevant to stock exchanges, the DSE joined the UN-Women, UN-SSE, UN-Global Compact, and WFE in Celebrating International Women Day by ringing the bell for Gender Equality on 8th March 2019. The event, which had the theme 'Think equal, build smart, and innovate for change', was graced by Hon. Angellah Kairuki, Minister of State in Prime Minister's Office (Investment and Empowerment). In October 2019, the DSE participated in the International Financial Literacy Week by "Ringing the Bell for Financial Literacy", an event that was also used as a platform for providing public awareness and sensitization on matters of financial literacy.

DSE, being a Partner Exchange of the UN-Sustainable Stock Exchanges Initiative, is at the forefront in championing implementation of investors' concerns on issues of environment, social and governance as check and balance for sustainability of businesses. In 2019 DSE made some initiatives that aimed at bringing more awareness to its members including listed companies, on issues regarding Environment, Social and Governance (ESG). This included implementing the raising of awareness of ESG in its flagship project "DSE Annual Membership Award". The aim is to ensure listed and non-listed members of the DSE adhere to the current expected international best practices on ESG agenda.

Outlook for 2020 and Key Initiatives

The Board expects the economic and business environment in 2020 to represent a slight challenge compared to the 2019's. The company's 2019 performance compares favourably with the prior years' and the Board is cautiously optimistic that the Exchange's performance will continue improving in the years ahead. The Exchange will continue to implement appropriate strategies to enhance growth and profitability as outlined in the DSE Five Year Strategic Plan. The main drivers of improved performance are derived from the strategic initiatives to be implemented in 2020. These include (i) the development of Mobile Trading Platform and Micro-saving Products (M-Akiba bonds), (ii) launching and implementing the DSE Enterprise Acceleration Program (iii) enhance investment on the ICT Infrastructure by operationalization of automatic failover in disaster recovery site and (iv) Advocacy on policy development.

Outlook for 2020 and Key Initiatives (continued)

The Board however recognizes the growing threat of COVID-19 and the effects it may have on the future performance. The Board continues to monitor the progress of the pandemic and implement appropriate strategies to minimize the adverse effects of the pandemic.

Appreciation

I would like to express my appreciation to all stakeholders for their support and dedication. The Board has provided guidance and stewardship to Management throughout the year. On behalf of the Board, I appreciate the continued commitment and teamwork that Management and staff have shown throughout the year. I thank the Capital Market Security Authority for the constructive manner in which they engage with the DSE and other stakeholders in their oversight of the sector. Finally, yet importantly, I would like to extend special thanks to the Government of the United Republic of Tanzania for their steadfast support and cooperation and for maintenance of conducive business environment, stable economic policies and political stability.

Board Chairman

Name: Dr. Elinami Minja

Date: 22-05-2020

BOARD OF DIRECTORS

Dr. Elinami Minja
Board Chairman

Mr. Moremi Marwa
Board Member - C.E.O

Dr. Abdiel Abayo
Board Member

Mr. Deogratias Laballa
Board Member

Mr. Fadhili J. Manongi
Board Member

Mr. Selestine J. Some
Board Member

Mr. Layson Mwanjisi
Board Member

Ms Beng'i Issa
Board Member

Mrs. Mary Mniwasa
Company Secretary

| CEO'S STATEMENT

Introduction

The year 2019 was the second year of implementation of our Second Five-year Strategic Plan (2018 - 2022). During the year 2019 the DSE registered good results in the aspects of market performance and financial performance compared to the previous year, 2018.

In terms of market performance, the year 2019 was better than previous year in the aspect of liquidity on both the equity and bond market segments. Trading value increased by 198 percent from turnover of TZS 210 billion in 2018 to a turnover of TZS 625 billion in 2019. During the same period the volume of shares traded increased by 3 percent, from 790 million shared that traded in 2018 to 815 million shares in 2019. In the fixed market segment, the bond turnover (in trading value) increased by 13 percent to turnover of TZS 1,092 billion in 2019 compared to 2018 turnover of TZS 969 billion.

Increase in value of equity trading and bond trading improved our revenues performance. Equity trading income accounted for 27 percent of our total revenue in 2019 compared to 17 percent in 2018.

Total market capitalization went down by 13 percent from TZS 19,677 billion in 2018 to TZS 17,105 billion in 2019, this was contributed by the de-listing of ACACIA Gold Mine Plc. Domestic Market capitalization declined by 7 percent, from TZS 9,696 billion in 2018 to TZS 9,010 billion in 2019, major reasons for declined being the decline in share prices and valuations to both cross-listed and domestic securities.

Group Performance

The reported good performance in equity trading and bond trading activities during year 2019 contributed significantly to the increase in revenues during the year. Group total income increased from the revenue of TZS 6.43 billion in 2018 to the income of TZS 8.39 billion in 2019. The group recorded a profit before tax of TZS 3.7 billion compared to a profit before tax of TZS 1.8 billion in 2018.

The group continues to devised more ways to increase earnings; we continued to monitor our operational and administrative expenses throughout the year, which grew by only 2%, from TZS 4.59 billion in 2018 to TZS 4.70 billion in 2019. There was no significant increase in the expenses during the year and we continued to actively monitor our expenses and apply efficient processes in our operations.

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.

Planned and Implemented Activities in Year 2019

The planned strategic initiatives for the year 2019 were meant to achieve the following key objectives: (i) Finalize revising of DSE Rules; (ii) 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; (iii) Enhance market depth; (iv) Actively participate on forums for Policy Formulation on Stock Market Development - Advocate for the implementation of the Micro Saving (M-Akiba) Study and listing of M-Akiba bonds; (v) Preparatory work on consideration for introducing "DSE Enterprises Acceleration Program"; (vi) 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; (vii) Sustain efforts aiming at attaining Full Membership to the WFE and

| CEO'S STATEMENT (CONTINUED)

Planned and Implemented Activities in Year 2019 (continued)

Classification to Frontier Market Status by Global Market and Country Classification Agent(FTSE Russell); (viii) Focus on enhancing DSE internal controls and risk management including better cost management and increasing efficiency of DSE operations leading to enhancement of profitability, targeting at least 15% for both ROA and ROE; (ix) Ensure Compliance with PFMI/IOSCO standards/principles for FMIs; (x) Grow the registry business services by targeting and leveraging on DSE and CSDR clients.

The DSE Group managed to implement most of these strategic initiatives including the admission as a Full Member of WFE in January 2019 and categorized in the Frontier Market Status by FTSE Russell in September 2019.The new membership to WFE and categorization by FTSE Russell will enhance the DSE visibility and attract more investors in the market and improve the liquidity in the market.

Outlook

In 2020 the DSE Group shall continue overall delivery of the 2018 – 2022 strategy which is embedded in the overall DSE 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 2020, the DSE Group focus will be on implementing the following key initiatives: (i) Enhancement of DSE organization structure; (ii) Advocacy on policy development, Initiate the development of Micro-saving Products (M-Akiba bonds) – Engage with MOFP for implementation, engage stakeholders for potential listing of mining and telecommunication companies; (iii) Launching and implementing the DSE Enterprise Acceleration Program with objective of among others create data base of potential issuance and listings; (iv) Maintain control of the company resources that will lead to enhanced revenues at minimal cost possible; (v) Create additional liquidity; (vi) Pursue efforts that lead to the Post trade risk management – achieve 100% legal regulatory operational compliance with PFMI IOSCO;(vii) Enhance our investment in theICT Infrastructure – operationalization of automatic failover in DR Site and implement infrastructure that will enable more retail participation in the market; (viii) Continue with efforts in profiling the DSE and its visibility.

Appreciation

I would like to thank all our stakeholders for their unwavering support in 2019 as we continue to work hard to build a more resilient and prosperous company. As we embark in 2020, I would like to thank my team at DSE for making 2019 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: 22/05/2020

MANAGEMENT

Mr. Moremi Marwa
Chief Executive Officer

Mr. Ibrahim Mshindo
Director of Business Development

Mrs. Mary Mniwasa
Chief Legal Counsel

Mr. Lucas Sinkala
Finance Manager

Mr. Ali Othman
Chief Technology Officer

Mr. Mecklaud Edson
Chief Internal Auditor

Mr. Benitho Kyando
Managing Director
DSE Subsidiary (CSDR)

Mr. Emmanuel Nyalali
Manager Special Assignment
C.E.O Office

| 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 2019 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.

6. FINANCIAL PERFOMANCE

The Group profit for the year ended 31st December 2019 was TZS 3,548 Million (year ended 31st December 2018: TZS 1,758 Million).

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:

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

| DIRECTORS' REPORT (CONTINUED)

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
Ms. Beng'i Mazana Issa	Non-Ex. Director	ACPA, MSC. In Financial Management, Adv. Diploma in Certified Accountancy.	Tanzanian	53	9 August 2019	-
Mr. Selestine J. Some	Non-Ex. Director	MBA – Finance, B.Com (Accounting), ACPA, Certified Professional Banker (CPB).	Tanzanian	43	9 August 2019	-
Dr. Abdiel Abayo	Non-Ex. Director	PhD.(Accounting and Finance), MBA, B.Com	Tanzanian	66	9 August 2019	-
Dr. Elinami Minja	Chairman	PhD. (Economics), CPA (T), MBA, B.Com (Accounting)	Tanzanian	55	20 March 2019	-
Mr. Layson Mwanjisi	Non-Ex. Director	ACPA, MBA, B.Com (Accounting)	Tanzanian	43	9 August 2019	-
Mr. Deogratias Laballa	Non-Ex. Director	MA in Revenue Law and Tax Administration, B.Com (Accounting), ACPA (T)	Tanzanian	44	2 July 2019	-
Mr. Fadhili J. Manongi	Non-Ex. Director	BA (Economics and Finance),MA-Development Economics	Tanzanian	65	11 July 2019	-
Dr. Wilhelm Ngasamiaku	Non-Ex. Director	PhD. (Economics)	Tanzanian	47	31 July 2017	9 August 2019
Mr. Moremi Marwa	CEO -Executive Director	MBA (Finance), ACPA, B.Com (Accounting)	Tanzanian	44	20 May 2013	-

9. DIRECTORS' REMUNERATION

The Group paid a total of TZS 121,200,000 as directors' fees (Year ended 31 December 2018: TZS 143,223,856).

10. MEETINGS AND ACTIVITIES OF THE BOARDS

The board met 5 times during the period January 2019 to 31st December 2019 as indicated below

| DIRECTORS' REPORT (CONTINUED)

10. MEETINGS AND ACTIVITIES OF THE BOARD (CONTINUED)

Name	4 June 2019	29 July 2019	30 August 2019	14 October 2019	15 November 2019
Ms. Beng'i Mazana Issa	N/A	N/A	√	√	√
Dr. Wilhelm Ngasamiaku	√	-	N/A	N/A	N/A
Mr. Deogratias Laballa	N/A	√	√	-	√
Mr. Moremi Marwa	√	√	√	√	√
Dr. Elinami Minja	√	√	√	√	√
Dr. Abdiel Abayo	N/A	N/A	√	√	√
Mr. Layson Mwanjisi	N/A	N/A	-	√	√
Mr. Fadhili Manongi	N/A	N/A	N/A	√	-
Mr. Selestine J. Some	N/A	N/A	√	√	-

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 2019.

a) Listing and Trading Committee (LTC)

Name	Position	Qualifications	Nationality
Dr. Abdiel Abayo	Chairperson	PhD.(Accounting and Finance), MBA, B.Com	Tanzanian
Mr. Selestine J. Some	Member	MBA – Finance, B.Com (Accounting), ACPA, Certified Professional Banker (CPB).	Tanzanian
Mr. Layson Mwanjisi	Member	ACPA, MBA, B.COM(Accounting)	Tanzanian
Mr. Moremi Marwa	Member	MBA,ACPA, B.Com(Accounting)	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) Finance and Administration Committee

Name	Position	Qualifications	Nationality
Ms. Beng'i Mazana Issa	Chairperson	ACPA, MSC.-in Financial Management, Adv. Diploma in Certified Accountancy.	Tanzanian
Dr. Abdiel Abayo	Member	PhD. (Accounting and Finance), MBA, B.Com	Tanzanian
Mr. Selestine J. Some	Member	MBA – Finance, B.Com (Accounting), ACPA, Certified Professional Banker (CPB).	Tanzanian
Mr. Moremi Marwa	Member	MBA, ACPA , B.Com (Accounting)	Tanzanian

The Finance and administration Committee reports to the DSE Board. The FA Committee met five (5) times to discuss various issues on staff matters and application of the new associate members.

| DIRECTORS' REPORT (CONTINUED)

10. MEETINGS AND ACTIVITIES OF THE BOARD (CONTINUED)

(c) Audit, Risk and Compliance Committee

Name	Position	Qualifications	Nationality
Mr. Deogratius Laballa	Chairperson	MA in Revenue Law and Tax Administration, B.Com (Accounting), ACPA	Tanzanian
Ms. Beng'i Mazana Issa	Member	ACPA, MSC. In Financial Management, Adv. Diploma in Certified Accountancy.	Tanzanian
Mr. Fadhili Manongi	Member	BA (Economics and Finance),MA in Development Economics	Tanzanian
Mr.Moremi Marwa	Member	MBA,ACPA,B.Com (Accounting)	Tanzanian

Audit, Risk and Compliance Committee reports to the Board. ARC Committee met two 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 2019.

11. MANAGEMENT

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

- Finance Department
- Legal Department;
- Business Development Department;
- Trading and Market Control Department;
- ICT Department
- Internal Audit Department.
- Human Resources and Administration Department
- Risk and Compliance Unit

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.

13. KEY HIGHLIGHTS OF THE PERIOD

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

Particular	As at and for the year ended 31 December 2019	As at and for the year ended 31 December 2018
Market capitalization (TZS billions)	**17,105**	19,677
Domestic Market capitalization (TZS billions)	**9,011**	9,696
Value of shares traded (TZS billions)	**625**	208
Value of bonds traded (TZS billions)	**1,092**	969
All shares index (DSEI) Points	**2,059**	2,041
Tanzania share index (TSI) Points	**3,431**	3,691
Value of outstanding listed bonds (TZS billions)	**10,532**	9,436

| DIRECTORS' REPORT (CONTINUED)

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 2019 presents a set of annual reports and financial statements for the period starting 01 January 2019 to 31 December 2019. 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

Dar es Salaam Stock Exchange Plc (DSE) was incorporated in 1996 under the Tanzanian Companies Act, as a body corporate (limited by guarantee). 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. 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.

DSE's shareholding structure as of 31st December 2019, 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) NOMINEE RE SCB Mauritius A/C Briarwood Chase Management LLC A/C Briarwood Capital Partners LP	2,848,314	12%
3	SCB (T) NOMINEES SCB - Consumer Banking Re Mr. Aunali F. Rajabali and Sajjad F. Rajabali	2,293,010	10%
4	National Investment Company Limited	1,285,831	5%
5	General Public	13,822,845	58%
	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 2019 and is of the opinion that they met the accepted criteria.

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

| DIRECTORS' REPORT (CONTINUED)

18. CORPORATE SOCIAL RESPONSIBILITY

DSE played its role in the society during the period, DSE 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, and 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 2019, the DSE had 21 employees, out of which 8 were female and 13 were male. In 2018 a total 19 staff; 8 staff were female and 11 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 2020 will be done at the Annual General Meeting.

BY ORDER OF THE BOARD

Approved by the Board of Directors on 22/05/2020 and signed on its behalf by:

....	22-05-2020
Dr. Elinami Minja	**Date**
....	22/05/2020
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.

Whilst the spread of COVID-19 Pandemic subsequent to the year-end has led to uncertainties to the economy and across the globe, the directors are confident that despite the potential reduced level of activity, the condition does not indicate a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as a going concern. The group has put in place significant liquid investments and continues to monitor the COVID-19 situation closely.

Signed on behalf of the Board of Directors by:

....	22-05-2020
Dr. Elinami Minja	**Date**
....	22/05/2020
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 2019 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 2019 and its financial position as on that date and that they have been prepared based on properly maintained financial records.

Signed by:

Name: Lucas Sinkala.

Position: Finance Manager

NBAA Membership No.: ACPA 3689

Date: 22/05/2020

| INDEPENDENT AUDITOR'S REPORT

Report on the audit of the Group and 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 2019, 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 19 to 62 comprise:

- the Group and Company statements of financial position as at 31 December 2019;
- 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 IESBA International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

| INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the audit of the Group and Company financial statements

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.

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.

| INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the audit of the Group and Company financial statements (continued)

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

- 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 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: 27th May 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
		Year ended 31 December 2019	Year ended 31 December 2018	**Year ended 31 December 2019**	Year ended 31 December 2018
	Notes	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Revenue	7	**6,408,667**	4,639,823	**4,882,850**	3,644,338
Other income	8	**344,236**	416,345	**342,290**	411,296
Information technology costs	10(a)	**(636,207)**	(286,625)	**(480,870)**	(246,637)
Staff costs	9	**(2,628,436)**	(2,255,124)	**(2,012,198)**	(1,841,165)
Office rent	10(b)	**(23,042)**	(290,515)	**(20,161)**	(254,200)
Depreciation and amortisation		**(226,191)**	(279,729)	**(210,712)**	(273,119)
Charge of impairment of trade receivables	6a	**(39,389)**	(5,744)	**(16,773)**	(5,570)
Other expenses	10(c)	**(1,151,371)**	(1,476,564)	**(855,545)**	(1,201,238)
Operating profit		**2,048,267**	461,867	**1,628,881**	233,705
Finance income	11	**1,638,052**	1,369,981	**1,599,308**	1,351,793
Operating profit before tax		**3,686,319**	1,831,848	**3,228,189**	1,585,498
Income tax expense	12(a)	**(138,339)**	(74,160)	**-**	-
Net profit for the year		**3,547,980**	1,757,688	**3,228,189**	1,585,498
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation loss		**(129,209)**	-	**(129,209)**	-
Total comprehensive income		**3,418,771**	1,757,688	**3,098,980**	1,585,498
Basic earnings per share (TZS)	28	**148.92**	73.78	**135.50**	66.55
Diluted earnings per share (TZS)	28	**148.92**	73.78	**135.50**	66.55

The notes on pages 24 to 62 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
		2019	2018	**2019**	2018
ASSETS	**Notes**	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Non-current assets					
Property and equipment	13	**259,354**	406,923	**249,521**	395,818
Non-current prepayment	14	**2,819,584**	2,819,584	**2,819,584**	2,819,584
Intangible asset	15	**86,726**	103,672	**55,966**	61,004
Leasehold land and building	16	**331,000**	463,957	**331,000**	463,957
Investment in subsidiary	17	**-**	-	**100,000**	100,000
Deferred tax asset	12(b)	**4,744**	66	**-**	-
		3,501,408	3,794,202	**3,556,071**	3,840,363
Current assets					
Trade receivables	18a	**1,018,408**	597,056	**724,955**	450,074
Other receivables	18b	**162,167**	116,070	**395,283**	128,437
Government securities	19	**3,264,952**	5,816,599	**3,264,952**	5,816,599
Short term deposits	20	**16,422,335**	11,528,774	**15,603,078**	11,528,774
Cash and cash equivalents	21	**183,214**	388,828	**177,475**	18,117
Restricted bank balance	21	**5,596**	8,207	**5,596**	8,207
		21,056,672	18,455,534	**20,171,339**	17,950,208
TOTAL ASSETS		**24,558,080**	22,249,736	**23,727,410**	21,790,571
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		**10,445,695**	7,773,326	**9,786,009**	7,433,431
Revaluation surplus		**198,753**	331,195	**198,753**	331,195
Car loan fund	22	**35,000**	35,000	**35,000**	35,000
		22,059,430	19,519,503	**21,399,744**	19,179,608
Non-current liabilities					
Grants	23	**1,102,316**	1,337,308	**1,102,316**	1,337,308
		1,102,316	1,337,308	**1,102,316**	1,337,308
Current liabilities					
Borrowing	26	**-**	150,000	**-**	150,000
Contract Liabilities	25(a)	**682,942**	566,033	**682,942**	566,033
Trade and other payables	25(b)	**706,750**	634,602	**542,408**	557,622
Current income tax		**6,642**	42,290	**-**	-
		1,396,334	1,392,925	**1,225,350**	1,273,655
TOTAL EQUITY AND LIABILITIES		**24,558,080**	22,249,736	**23,727,410**	21,790,571

The financial statements on page 19 to 62 were approved by the board of directors and signed on its behalf by;

.... 22-05-2020
Dr. Elinami Minja **Date**

.... 22/05/2020
Mr. M. Marwa **Date**

STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital	Share premium	Car loan fund	Retained earnings	Revaluation	
Year ended 31 December 2018	(Note 24)	(Note 24)	(Note 22)		surplus	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
At 01 January 2019	**9,529,608**	**1,850,374**	**35,000**	**7,773,326**	**331,195**	**19,519,503**
Transaction with owners						
Dividend paid	-	-	-	(878,844)	-	(878,844)
	-	**-**	**-**	**(878,844)**	**-**	**(878,844)**
Other comprehensive income						
Profit for the period	-	-	-	3,547,980	-	3,547,980
Revaluation loss	-	-	-	-	(129,209)	(129,209)
Depreciation and amortization of revalued assets	-	-	-	3,233	(3,233)	-
Total comprehensive income	**-**	**-**	**-**	**3,551,213**	**(132,442)**	**3,418,771**
At 31 DECEMBER 2019	**9,529,608**	**1,850,374**	**35,000**	**10,445,695**	**198,753**	**22,059,430**
GROUP						
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**

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 2019	**9,529,608**	**1,850,374**	**35,000**	**7,433,431**	**331,195**	**19,179,608**
Transactions with owners						
Dividend paid	-	-	-	(878,844)	-	(878,844)
	-	**-**	**-**	**(878,844)**	**-**	**(878,844)**
Other comprehensive income						
Profit for the year	-	-	-	3,228,189	-	3,228,189
Revaluation loss	-	-	-	-	(129,209)	(129,209)
Depreciation and amortization of revalued assets	-	-	-	3,233	(3,233)	-
Total comprehensive income	**-**	**-**	**-**	**3,231,422**	**(132,442)**	**3,098,980**
At 31 December 2019	**9,529,608**	**1,850,374**	**35,000**	**9,786,009**	**198,753**	**21,399,744**
COMPANY						
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**

STATEMENT OF CASH FLOWS

		Group		Company	
		Year ended 31 December 2019	Year ended 31 December 2018	**Year ended 31 December 2019**	Year ended 31 December 2018
	Notes	**TZS'000**	TZS'000	**TZS'000**	TZS'000
OPERATING ACTIVITIES					
Profit before taxation		**3,686,319**	1,831,848	**3,228,189**	1,585,498
Adjustment to reconcile profit before tax to net cash flows:					
Depreciation and amortisation		**226,192**	279,729	**210,712**	273,119
Amortisation of grant	23	**(234,992)**	(375,260)	**(234,992)**	(375,260)
Interest income	11	**(1,638,052)**	(1,369,981)	**(1,599,308)**	(1,351,793)
Income tax paid		**(178,665)**	(102,986)	**-**	-
Cash flows before changes in working capital items		**1,860,802**	263,350	**1,604,601**	131,564
Changes in working capital items:					
Trade receivables		**(421,352)**	626,577	**(274,881)**	540,773
Other receivables		**(46,097)**	76,999	**(266,846)**	184,940
Contract liabilities		**116,909**	(88,261)	**116,909**	(88,261)
Cash held in restricted deposits	21	**2,611**	8,018	**2,611**	8,018
Trade and other payables		**72,148**	350,675	**(15,214)**	318,182
Net cash flows generated from operating activities		**1,585,021**	1,237,358	**1,167,180**	1,095,216
INVESTING ACTIVITIES					
Investment in short term deposits	20	**(4,893,561)**	147,933	**(4,074,304)**	147,933
Investment in government securities	19	**2,551,647**	(1,638,418)	**2,551,647**	(1,638,414)
Interest received - short term deposits	11	**1,638,052**	1,369,981	**1,599,308**	1,351,793
Purchase of intangibles	15	**(21,981)**	(88,484)	**(21,981)**	(40,858)
Prepayment for acquisition of office space	14	**-**	(42,817)	**-**	(42,817)
Purchase of property and equipment	13	**(35,948)**	(64,578)	**(33,648)**	(52,673)
Net cash flows (used in)/ generated from investing activities		**(761,791)**	(316,383)	**21,022**	(275,036)
FINANCING ACTIVITIES					
Dividend paid	28	**(878,844)**	(1,381,792)	**(878,844)**	(1,381,792)
Payment of short term borrowing	26	**(150,000)**	-	**(150,000)**	-
Acquisition of short term borrowing	26	**-**	150,000	**-**	150,000
Net cash flows used in financing activities		**(1,028,844)**	(1,231,792)	**(1,028,844)**	(1,231,792)
Net (decrease)/increase in cash and cash equivalents		**(205,614)**	(310,817)	**159,358**	(411,612)
Cash and cash equivalents at start of the period		**388,828**	699,645	**18,117**	429,729
Cash and cash equivalent at year end	21	**183,214**	388,828	**177,475**	18,117

The notes on pages 24 to 62 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 are prepared on the basis of accounting policies applicable to a going concern.

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 4.

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.

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

These standards and interpretations, adopted on 1 January 2019, do not significantly affect the Group's financial results, disclosures or accounting policies and do not have any significant impact to the company results upon transition and subsequently.

Standard	Effective date	Executive summary
Amendments to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities.	Annual periods beginning on or after 1 January 2019	The narrow-scope amendment covers two issues: ■ The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities. ■ How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings. Amendments did not have any significant impact to the Group
IFRS 16 – Leases	Annual periods beginning on or after 1 January 2019 – earlier application permitted if IFRS 15 is also applied. (published January 2016)	This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The group has no leasing arrangements and therefore not impacted by the standard.

2 BASIS OF PREPARATION (CONTINUED)

Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

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

Standard	Effective date	Executive summary
Annual improvements cycle 2015-2017	Annual periods beginning on or after 1 January 2019 (published December 2017)	These amendments include minor changes to: ■ IFRS 3, 'Business combination' - a company remeasures its previously held interest in a joint operation when it obtains control of the business. ■ IFRS 11,'Joint arrangements', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business. ■ IAS 12,' Income taxes' - The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. ■ IAS 23,' Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. The amendments did not have any significant impact to the Group.
IFRIC 23, 'Uncertainty over income tax treatments'	Annual periods beginning on or after 1 January 2019 Published 7 June 2017)	IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. There was no impact to the Group as a result of adoption of this interpretation.

2. BASIS OF PREPARATION (CONTINUED)

Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

(ii) New standards and interpretations not yet adopted

The Group is still assessing the full quantitative impact of the standards and/or interpretations not yet adopted.

Standard	Effective date	Executive summary
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	Annual periods beginning on or after 1 January 2020.	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: ■ use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; ■ clarify the explanation of the definition of material; and ■ incorporate some of the guidance in IAS 1 about immaterial information.
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2021	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. The Group does not consider that this standard will lead into any material impact.
Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosure – Interest rate benchmark reform	Annual periods beginning on or after 1 January 2020 (early adoption is permitted) (Published September 2019)	These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

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

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 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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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.

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The right of use assets on day one equals the lease liability and is subsequently reduced by the amortisation charge over the lease term, where as lease liability is subsequently measured at amortised cost.

Lease liabilities as well as right of use assets at the commencement date of the lease, are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

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.

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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment (continued)

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 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Employee benefits (continued)

(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 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. Unearned amount of revenue received for which performance obligation has not been satisfied is classified as a contract liability until such time when performance obligation is satified in which case it will be recognised as revenue.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Revenue (continued)

(v) Other income

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

(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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Consolidation (continued)

(i) Subsidiaries (continued)

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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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:

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 31 December 2019 by accredited Independent valuers with experience for valuation of similar properties in Tanzania.

b. Going concern

During the year ended 31 December 2019, the group made a net profit 3,686 million (2018: 1,832 million) million and as at the year end, current assets exceeded the current liabilities by TZS 19,660 million (2018: 17,063 million). Further, in the year ended 31 December 2019, the group had the net positive cash flow from operations of TZS 1,585 million (2018:1,237 million).

Whilst the spread of COVID-19 pandemic subsequent to the year end has lead to uncertainties to the economy and across the globe, the directors are confident that despite the potential reduced level of activity, the condition does not indicate a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as a going concern. The Group has in place significant liquid investments and continues to monitor the COVID-19 situation closely.

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.

5 BUSINESS SEGMENTS INFORMATION (CONTINUED)

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 2019 is as follows:

Segmental statement of profit or loss

	Year ended 31 December 2019			Year ended 31 December 2018		
	DSE	**CSDR**	**Group**	DSE	CSDR	Group
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Revenue	**4,882,850**	**1,525,817**	**6,408,667**	3,644,338	995,485	4,639,823
Other income	**342,290**	**1,946**	**344,236**	411,296	5,049	416,345
	5,225,140	**1,527,763**	**6,752,903**	4,055,634	1,000,534	5,056,168
Staff costs	**(2,012,198)**	**(616,238)**	**(2,628,436)**	(1,841,165)	(413,959)	(2,255,124)
Depreciation and amortisation	**(210,712)**	**(15,479)**	**(226,191)**	(273,119)	(6,610)	(279,729)
Operating and other expenses	**(1,356,576)**	**(454,044)**	**(1,810,620)**	(1,702,075)	(351,629)	(2,053,704)
Impairment of trade receivables	**(16,773)**	**(22,616)**	**(39,389)**	(5,570)	(174)	(5,744)
	(3,596,259)	**(1,108,377)**	**(4,704,636)**	(3,821,929)	(772,372)	(4,594,301)
Profit before finance income	**1,628,881**	**419,386**	**2,048,267**	233,705	228,162	461,867
Finance income	**1,599,308**	**38,744**	**1,638,052**	1,351,793	18,188	1,369,981
Profit before tax	**3,228,189**	**458,130**	**3,686,319**	1,585,498	246,350	1,831,848
Taxation	**-**	**(138,339)**	**(138,339)**	-	(74,160)	(74,160)
Profit for the year	**3,228,189**	**319,791**	**3,547,980**	1,585,498	172,190	1,757,688

5 BUSINESS SEGMENTS INFORMATION (CONTINUED)

Segmental assets, liabilities:

	As at 31 December 2019				As at 31 December 2018			
	DSE	CSDR	Eliminations/ Consolidation	Group	DSE	CSDR	Eliminations/ Consolidation	Group
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Non-current assets	**3,456,071**	**45,337**	**-**	**3,501,408**	3,740,363	53,839	-	3,794,202
Investment	**100,000**	**-**	**(100,000)**	**-**	100,000	-	(100,000)	-
Current assets	**20,171,339**	**1,132,110**	**(246,777)**	**21,056,672**	17,950,208	535,331	(30,005)	18,455,534
	23,727,410	**1,177,447**	**(346,777)**	**24,558,080**	21,790,571	589,170	(130,005)	22,249,736
Owners' equity	**21,399,744**	**759,686**	**(100,000)**	**22,059,430**	19,179,608	439,895	(100,000)	19,519,503
Non-current liabilities	**1,102,316**	**-**	**-**	**1,102,316**	1,337,308	-	-	1,337,308
Current liabilities	**1,225,350**	**417,761**	**(246,777)**	**1,396,334**	1,273,655	149,275	(30,005)	1,392,925
	23,727,410	**1,177,447**	**(346,777)**	**24,558,080**	21,790,571	589,170	(130,005)	22,249,736

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 2019	**As at 31 December 2019**	As at 31 December 2018	As at 31 December 2018
	Group	**Company**	Group	Company
	TZS'000	**TZS'000**	TZS'000	TZS'000
Trade receivables (Note 18)	**1,018,408**	**724,955**	597,056	450,074
Staff Car Loan Receivables	**42,917**	**42,917**	42,691	42,691
Staff receivables (Note 18)	**1,277**	**-**	15,168	12,329
Short term deposits (Note 20)	**16,422,336**	**15,603,079**	11,528,775	11,528,775
Cash and cash equivalents (Note 21)	**183,214**	**177,476**	388,828	18,117
Government securities(Note 19)	**3,264,952**	**3,264,952**	5,816,599	5,816,599
	20,933,104	**19,813,379**	18,389,117	17,868,585

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

6 FINANCIAL RISK MANGEMENT (CONTINUED)

a. Credit risk (continued)

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. 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.

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 macroeconomics 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 2019 and 31 December 2018 was determined as follows for trade receivables:

Group				-	
As at 31 December 2019	**0 to 12 months**	**12 to 18 months**	**19 to 24 months**	**Over 24 months**	**Total**
	TZS'000	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**
Expected loss rate	0%	20%	50%	100%	
Gross carrying amount – trade receivables	972,711	33,516	37,768	19,032	1,063,027
Loss allowance	-	**6,703**	**18,884**	**19,032**	**44,619**
As at 31 December 2018					
Gross carrying amount – trade receivables	567,533	36,904	-	5,935	610,372
Loss allowance	-	7,381	-	5,935	13,316

Company					
As at 31 December 2019	**0 to 12 months**	**12 to 18 months**	**19 to 24 months**	**Over 24 months**	**Total**
	TZS'000	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**
Expected loss rate	0%	20%	50%	100%	Total
Gross carrying amount – trade receivables	697,999	33,516	286	13,984	745,785
Loss allowance	**-**	**6,703**	**143**	**13,984**	**20,830**
As at 31 December 2018					
Gross carrying amount – trade receivables	425,244	31,038	-	5,935	462,217
Loss allowance	-	6,208	-	5,935	12,143

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

Movement of the loss allowance is as shown below:

	Group	Company
Year ended 31 December 2018	**TZS'000**	TZS'000
Opening balance	**38,096**	**37,097**
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
Year ended 31 December 2019		
Opening Balance	**13,316**	12,143
Charge during the year	**39,389**	16,773
Expected credit loss at 31 December 2019	**52,705**	28,916

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

	Less than 1 year
Group	
At 31 December 2019:	**TZS'000**
Trade and other payables	**534,548**
At 31 December 2018:	
Trade and other payables	502,385
Company	
At 31 December 2019	
Trade and other payables	**370,208**
At 31 December 2018:	
Trade and other payables	525,407

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

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:

	Carrying amount			
	As at 31 December 2019	As at 31 December 2018	**As at 31 December 2019**	As at 31 December 2018
	Group	Group	**Company**	Company
Fixed rate instruments: Financial assets	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Short term deposits	**16,422,336**	11,528,774	**15,603,079**	11,528,774
Government securities	**3,264,952**	5,816,599	**3,264,952**	5,816,599
	19,687,288	17,345,373	**18,868,031**	17,345,373
Fixed rate instruments: Financial liabilities				
Borrowings	**-**	150,000	**-**	150,000

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk (continued)

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. Further, the exchange instruments are invested with counterparties at the prevailing market rates, which do not have any significant changes.

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 approximate their fair values.

d. 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 had no borrowing for the period ended December 2019.

	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2018
	Group	Group	**Company**	Company
7 REVENUE	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Listing fees				
Equity	**355,324**	456,655	**355,324**	456,655
Government bonds	**2,403,742**	2,075,400	**2,403,742**	2,075,400
Corporate bonds	**41,000**	22,349	**41,000**	22,349
	2,800,066	2,554,404	**2,800,066**	2,554,404
Transaction fees				
Equity	**1,752,958**	583,354	**1,752,958**	583,354
Bonds	**246,746**	208,613	**246,746**	208,613
	1,999,704	791,967	**1,999,704**	791,967
Central Securities Depository (CSD) fees				
Annual membership fees	**38,000**	37,000	**-**	-
Transaction fees	**751,746**	253,546	**-**	-
Membership application fees	**-**	2,000	**-**	-
CSD amendment fee	**12,295**	-	**-**	-
CSD bond trading fees	**182,698**	159,066	**-**	-
Dividend processing income	**199,300**	265,362	**-**	-
Initial Public Offer processing fees	**48,674**	50,011	**-**	-
Registry services	**74,000**	34,000	**-**	-
Data vending	**1,396**	-	**-**	-
AGM management fee	**23,708**	-	**-**	-
				-
International Securities Identification Number (ISIN)	**7,500**	7,800	**7,500**	7,800
Register annual maintenance fee	**194,000**	194,500	**-**	-
	1,533,317	1,003,285	**7,500**	7,800
Other operating income				
Data vending historical	**34,092**	12,975	**34,092**	12,975
Data vending end of day	**237**	15,867	**237**	15,867
Data vending real time	**22,251**	27,325	**22,251**	27,325
Custodian banks membership fees	**-**	1,000	**-**	1,000
Licenced Dealing Member (LDM) membership fees	**19,000**	24,000	**19,000**	24,000
Listing income realized	**-**	209,000	**-**	209,000
	75,580	290,167	**75,580**	290,167
	6,408,667	4,639,823	**4,882,850**	3,644,338

		Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2018
		Group	Group	Company	Company
8	**OTHER INCOME**	TZS'000		TZS'000	TZS'000
	Grant from donors	63,090	5,000	63,090	5,000
	Training income	19,500	31,200	19,500	31,200
	(Loss)/gain on exchange of foreign currency	(269)	494	(269)	494
	Amortisation of grant (Note 23)	234,991	375,260	234,991	375,260
	Miscellaneous income/(expense)	26,924	4,391	24,978	(658)
		344,236	416,345	342,290	411,296
9	**STAFF COSTS**				
	Salary and wages	1,834,717	1,580,141	1,398,254	1,252,642
	Skills and development levy	80,692	71,069	61,070	56,369
	Employer contribution to pension funds (defined contribution plan)	235,261	196,568	182,314	158,905
	Leave cost	123,984	98,507	93,494	84,265
	Medical expenses	141,877	132,596	104,512	121,812
	Training and workshops	27,102	89,730	22,458	88,470
	Other staff cost; special, acting and furniture allowances	70,648	45,980	56,242	40,450
	Workers' Compensation Fund	32,004	7,843	29,824	6,263
	Fuel allowance	82,151	13,571	64,030	12,870
	Directors training	-	19,119	-	19,119
		2,628,436	2,255,124	2,012,198	1,841,165

		Year ended 31 December 2019 Group TZS'000	Year ended 31 December 2018 Group TZS'000	Year ended 31 December 2019 Company TZS'000	Year ended 31 December 2018 Company TZS'000
10	**EXPENSES**				
a)	**Information technology costs**				
	DSE Automated Trading System (DATS) running costs	**59,377**	62,790	**50,821**	55,419
	Automatic Trading System (ATS) license fee	**412,464**	132,215	**299,713**	110,201
	Enhance system infrastructure	**90,701**	80,550	**79,735**	69,947
	Data Recovery Expense	**64,309**	-	**41,245**	
	DATS training	**9,356**	11,070	**9,356**	11,070
		636,207	286,625	**480,870**	246,637
b)	**Office rent**	**23,042**	290,515	**20,161**	254,200
c)	**Other expenses**				
	Dividend processing costs	**140,722**	125,176	**16,521**	23,155
	Public education and business development costs	**193,778**	303,564	**168,431**	262,910
	Regional integration costs	**55,946**	10,612	**39,115**	10,612
	CSD certificates and license	**3,638**	6,960	**1,071**	655
	Directors' fee	**121,200**	143,224	**87,500**	103,727
	Board expenses	**54,407**	62,462	**36,410**	43,570
	Telephone, internet and courier cost	**61,696**	63,283	**48,356**	48,028
	Stationery and consumables	**17,433**	27,425	**11,499**	20,288
	Repair and maintenance	**19,397**	16,700	**18,028**	14,715
	Donations and hospitality cost	**-**	193	**-**	193
	Fuel expenses	**17,974**	14,752	**17,974**	13,360
	Legal charges	**64**	108,416	**64**	108,416
	Audit fee	**83,855**	65,000	**72,632**	56,875
	Subscriptions, tenders and newspapers	**149,122**	108,013	**139,228**	102,536
	Electricity and security cost	**10,987**	15,509	**9,613**	14,051
	Bank charges and insurance	**29,345**	29,116	**24,655**	25,066
	Office cleaning, parking and recreations	**49,542**	45,607	**34,961**	39,025
	Amortisation of donor grant	**58,090**	-	**58,090**	-
	DSE IPO processing expenses	**543**	1,663	**-**	-
	Other administrative costs	**13,707**	37,446	**14,607**	34,404
	Consultancy fee	**3,713**	170,817	**2,621**	170,817
	CMSA regulatory fee	**66,212**	120,626	**54,169**	108,835
		1,151,371	1,476,564	**855,545**	1,201,238
		1,810,620	2,053,704	**1,356,576**	1,702,075

		Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2018
		Group	Group	**Company**	Company
11	**FINANCE INCOME**	**TZS'000**	TZS'000	**TZS'000**	TZS'000
	Interest income - short term deposits	**1,638,052**	1,369,981	**1,599,308**	1,351,793
12a	**INCOME TAX EXPENSE**				
	Current income tax	**143,017**	74,226	**-**	-
	Deferred Income Tax	**(4,678)**	(66)	**-**	-
	Total	**138,339**	74,160	**-**	-

The exchange is tax exempt as per section 32(a) of the Financial Act of 2012. Dar es Salaam Stock exchange Plc has a wholly own subsidiary CSD & Registry Company Limited that is not exempt from income tax. The following is reconciliation between expected tax based on profit before tax and assessed income tax expense:

	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2018
INCOME TAX EXPENSE	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Profit before income tax	**3,686,319**	1,831,848	**3,228,189**	1,585,498
Tax calculated at a tax rate of 30 %	**1,105,896**	549,554	**968,457**	475,649
Tax effect of:				
Expenses not deductible for tax purposes	**738**	255	**-**	-
Income not subject to tax	**(968,295)**	(475,649)	**(968,457)**	(475,649)
Income tax expense	**138,339**	74,160	-	-
Current income tax liability				
Opening balance	**42,290**	-	-	-
Charge during the year	**143,017**	145,278	-	-
Income tax paid	**(178,665)**	(102,988)	-	-
Closing balance	**6,642**	42,290	-	-

12b DEFERRED TAX ASSEST

Deferred income tax Asset are calculated, using the enacted income tax of 30% (2018: 30%). The movement on the deferred income tax account is as follows:

	As at 31 December 2019	As at 31 December 2018	**As at 31 December 2019**	As at 31 December 2018
	TZS' 000	TZS' 000	**TZS'000**	TZS'000
At start of year	**66**	**-**	-	-
Charge to profit or loss	**4,678**	66	-	-
At end of year	**4,744**	66	-	-
DEFERRED TAX ASSET COMPOSITION				
Provisions	**7,137**	2,864	-	-
Property and equipment	**(2,393)**	(2,798)	-	-
Net deferred tax asset	**4,744**	66	**-**	**-**

13 PROPERTY AND EQUIPMENT

GROUP

	Office Equipment	Office Furniture	Power Generator	Motor Vehicles	Office Partition	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost						
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
At 1st January 2019	1,150,994	82,442	39,115	283,573	168,887	1,725,011
Additions	31,500	4,448	-	-	-	35,948
At 31 December 2019	**1,182,494**	**86,890**	**39,115**	**283,573**	**168,887**	**1,760,959**
Accumulated depreciation						
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
At 01 January 2019	923,367	68,564	39,115	118,155	168,887	1,318,088
Charge during the year	107,123	5,501	-	70,893	-	183,517
At 31 December 2019	**1,030,490**	**74,065**	**39,115**	**189,048**	**168,887**	**1,501,605**
Carrying amount						
At 31 December 2019	**152,004**	**12,825**	-	**94,525**	-	**259,354**
At 30 December 2018	227,627	13,878	-	165,418	-	406,923

13 PROPERTY AND EQUIPMENT (CONTINUED)

COMPANY

	Office Equipment	Office Furniture	Power Generator	Motor Vehicles	Office Partition	Total
<u>Cost</u>	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
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
At 01 January 2019	1,143,369	77,312	39,115	283,573	168,887	1,712,256
Additions	31,040	2,608	-	-	-	33,648
At 31 December 2019	**1,174,409**	**79,920**	**39,115**	**283,573**	**168,887**	**1,745,904**
Accumulated Depreciation						
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
At 01 January 2019	922,429	67,852	39,115	118,155	168,887	1,316,438
Charge during the year	105,217	3,835	-	70,893	-	179,945
At 31 December 2019	**1,027,646**	**71,687**	**39,115**	**189,048**	**168,887**	**1,496,383**
<u>Carrying amount</u>						
At 31 December 2019	**146,763**	**8,233**	**-**	**94,525**	**-**	**249,521**
At 31 December 2018	220,940	9,460	-	165,418	-	395,818

		As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
		Group	Group	Company	Company
		TZS'000	TZS'000	TZS'000	TZS'000
14	NON-CURRENT PREPAYMENT				
	Opening balance of the prepayment	2,819,584	2,776,767	2,819,584	2,776,767
	Additional amount-Partition Cost	-	42,817	-	42,817
		2,819,584	2,819,584	2,819,584	2,819,584

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 TZS 2,820 million 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), Arute system (HRM system) and Sage Accounting and Payroll software, whose movement was as follows:

	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
	Group	Group	Company	Company
<u>Cost</u>	TZS'000	TZS'000	TZS'000	TZS'000
At start of the year	1,343,911	1,255,428	1,296,283	1,255,428
Additions	21,981	88,484	21,981	40,858
At end of the year	1,365,892	1,343,912	1,318,264	1,296,286
<u>Accumulated amortisation</u>				
At start of the year	1,240,240	1,146,180	1,235,279	1,146,181
Charge during the year	38,926	94,060	27,019	89,101
At end of the year	1,279,166	1,240,240	1,262,298	1,235,282
<u>Net carrying amount</u>				
At end of the year	86,726	103,672	55,966	61,004

16 LEASEHOLD LAND AND BUILDING

	Leasehold Land	Building	Total
Cost	**TZS'000**	**TZS'000**	**TZS'000**
At 01 January 2018	350,000	160,540	510,540
Additions	-	-	-
At 31 December 2018	350,000	160,540	510,540
At 01 January 2019	350,000	160,540	510,540
Revaluation loss	(98,021)	(31,188)	(129,209)
At 31 December 2019	**251,979**	**129,352**	**381,331**
Accumulated depreciation			
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
At 01 January 2019	29,981	16,602	46,583
Charge during the period	998	2,750	3,748
At 31 December 2019	**30,979**	**19,352**	**50,331**
Carrying amount			
At 30 December 2019 (Group/Company)	**221,000**	**110,000**	**331,000**
At 30 December 2018 (Group/Company)	320,019	143,938	463,957

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

	As at 31 December 2019	As at 31 December 2018
	TZS'000	TZS'000
Cost	**41,603**	41,603
Accumulated depreciation	**(3,851)**	(3,201)
Net carrying amount	**37,752**	38,402

Leasehold land was acquired from National Insurance Company Limited. The Exchange's leasehold land and buildings comprise residential properties located at Plot No. 109-1 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 2019 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.

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 2019	As at 31 December 2018
	TZS'000	TZS'000
Cost	**103,331**	103,331
Accumulated depreciation	**(11,554)**	(8,971)
Net carrying amount	**91,777**	94,360

Key inputs to valuation of land and buildings

	Significant inputs	Range (weighted average)
Buildings	Estimated rental value per square meter per month	TZS 8,000 to TZS 12,000 (Average of TZS 10,000)
	Rent growth per annum	0% - 5% (Average of 2.5%)
Leasehold Land Selling price per square meter		TZS 100,000

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 31st December 2019, 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 believed that the valuations should be re performed as the time has lapsed since the 2015 valuation and commissioned the Majengo to perform the revaluation for 2019. The effect of 2019 revaluation has resulted to the decrease in value of leasehold land by 31% and decrease in value of building by 22%.

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 55 years.

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. Below is the summary of the subsidiary results and financial position.

	2019 TZS '000	2018 TZS'000
Statement of financial position		
Total assets	**1,177,447**	589,170
Total liabilities	**(417,761)**	(149,275)
Net assets	**759,686**	439,895
Statement of profit or loss and other comprehensive income		
Gross income	**1,566,507**	1,018,722
Total expenses	**(1,108,377)**	(772,372)
Profit before tax	**458,130**	246,350

	As at 31 December 2019 Group	As at 31 December 2018 Group	As at 31 December 2019 Company	As at 31 December 2018 Company
18a TRADE RECEIVABLES	**TZS'000**	TZS'000	**TZS'000**	TZS,000
Listing fee receivables	**185,809**	299,632	**185,809**	299,632
Transaction fee receivables	**853,428**	310,740	**559,975**	162,585
Loss allowance (see note 6(a))	**(20,829)**	(13,316)	**(20,829)**	(12,143)
	1,018,408	597,056	**724,955**	450,074
18b OTHER RECEIVABLES				
Staff car loans receivables	**42,917**	42,691	**42,917**	42,691
Staff advances	**1,277**	15,168	**-**	12,329
Prepaid expenses and other receivables	**117,973**	58,211	**352,366**	73,417
	162,167	116,070	**395,283**	128,437
19 GOVERNMENT SECURITIES				
At amortised cost				
Treasury bond	**3,264,952**	3,259,121	**3,264,952**	3,259,121
Treasury bill	**-**	2,557,478	**-**	2,557,478
	3,264,952	5,816,599	**3,264,952**	5,816,599

		As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
		Group	Group	**Company**	Company
20	**SHORT TERM DEPOSITS**	**TZS'000**	TZS'000	**TZS'000**	TZS,000
	These are fixed deposits with various financial institutions.				
	Short term deposits	**16,422,335**	11,528,774	**15,603,078**	11,528,774
	The short-term deposits are held at the following institutions:				
	Equity Bank Tanzania Ltd	**4,123,168**	4,759,372	**4,123,168**	4,759,372
	Tanzania Postal Bank	**2,856,722**	-	**2,856,722**	-
	NMB Bank Plc	**-**	4,472,765	**-**	4,472765
	Akiba Commercial Bank	**3,375**	-	**3,375**	-
	CRDB Bank Plc	**319,257**	-	**-**	-
	Azania Bank Ltd	**3,341,994**	-	**2,841,994**	-
	Bank of Africa Tanzania Limited	**2,970,184**	-	**2,970,184**	-
	KCB Bank Tanzania Limited	**2,807,635**	2,296,637	**2,807,635**	2,296,637
		16,422,335	11,528,774	**15,603,078**	11,528,774

All short-term deposits have original maturities of more than 3 months but less than one year.

The effective interest rate and maturity date on short term deposits as at 31 December 2019 and 31 December 2018 are shown below:

	As at 31 December 2019	As at 31 December 2018

FDR Summary	Effective interest rate per annum	Maturity date	Effective interest rate per annum	Maturity date
Equity Bank Tanzania Limited	**13.00%**	**23-Apr-20**	10.00%	21-Apr-19
Equity Bank Tanzania Limited	**-**	**-**	9.00%	3-Jan-19
TPB Bank Plc	**12.00%**	**24-Apr-20**	N/A	N/A
TPB Bank Plc	**12.00%**	**16-Jan-20**	N/A	N/A
TPB Bank Plc	**12.50%**	**11-Feb-20**	N/A	N/A
Bank of Africa Tanzania Limited	**10.00%**	**1-Aug-20**	N/A	N/A
Bank of Africa Tanzania Limited	**11.00%**	**6-Aug-20**	N/A	N/A
Azania Bank Ltd	**13.00%**	**9-Oct-20**	N/A	N/A
Azania Bank Ltd	**12.50%**	**20-Jun-20**	N/A	N/A
NMB Bank Plc	**-**	**-**	6.00%	24-Apr-19
NMB Bank Plc	**-**	**-**	10.00%	6-Aug-19
CRDB Bank Plc	**8.75%**	**30-Mar-20**	7.00%	28-Mar-19
KCB Bank Tanzania Limited	**12.00%**	**24-Apr-20**	7.00%	8-Feb-19
KCB Bank Tanzania Limited	**12.50%**	**09-Feb-20**	N/A	N/A

21 CASH AND CASH EQUIVALENTS

	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS'000
Cash at bank	**182,206**	38,493	**176,468**	17,924
Cash at hand	**1,008**	193	**1,007**	193
Short term deposit (maturity of 3 months)	**-**	350,142	**-**	-
Unrestricted cash and bank balances	**183,214**	388,828	**177,475**	18,117
<u>Restricted cash and bank balances</u>				
Cash at bank - ACB Car Loan Fund*	**5,596**	8,207	**5,596**	8,207

*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.

		As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2017
		Group	Group	Company	Company
22	CAR LOAN FUND	TZS'000	TZS'000	TZS'000	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.

		At 31 December 2019	At 31 December 2018	At 31 December 2019	At 31 December 2018
23	GRANT	Group	Group	Company	Company
		TZS'000	TZS'000	TZS'000	TZS'000
	At start of the period	1,337,308	1,712,568	1,337,308	1,712,568
	Grant received	-	-	-	-
	Grant amortization	(234,992)	(375,260)	(234,992)	(375,260)
	At end of the period	1,102,316	1,337,308	1,102,316	1,337,308

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.

		At 31 December 2019	At 31 December 2018	At 31 December 2019	At 31 December 2018
		Company	Group	**Company**	Company
24	**SHARE CAPITAL**	**TZS'000**	TZS'000	**TZS'000**	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

25	**TRADE AND OTHER PAYABLES**				
(a)	Contract Liabilities (IFRS 15)				
	-Listing fee from Corporate entities	**141,950**	38,950	**141,950**	38,950
	-Listing fee from Government Bond	**540,992**	527,083	**540,992**	527,083
		682,942	566,033	**682,942**	566,033
(b)	Trade payables				
	Accruals	**672,107**	623,645	**540,290**	546,748
	Trade Payables	**34,643**	10,957	**2,118**	10,874
		706,750	634,602	**542,408**	557,622
		1,389,692	1,200,635	**1,225,350**	1,123,655

Contract liabilities as per IFRS 15, 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 no any short term loan facility as of 31st December 2019 from any bank. In the prior, year company had a short term facility with Akiba Commercial Bank of TZS 150,000,000/= at the interest rate of 15% per annum. DSE required the facility to finance its short term maturing obligations and it was fully paid on 15th January 2019.

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 2019	Year ended 31 December 2018	**Year Ended 31 December 2019**	Year ended 31 December 2018
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS'000
Short-term employee benefits (salaries and allowances)	**1,054,647**	944,131	**754,599**	748,465
Post-employment benefits (defined contribution plans)	**142,800**	68,337	**105,936**	60,570
	1,197,447	1,012,468	**860,535**	809,035

	For year ended 31 December 2019	For year ended 31 December 2018	**For year ended 31 December 2019**	Eighteen month period ended 31 December 2018
	Group	Group	**Company**	Company
ii. Director fee	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Directors' fees	**121,200**	143,224	**87,500**	103,727
	121,200	143,224	**87,500**	103,727

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 2019	As at 31 December 2018	**As at 31 December 2019**	As at 31 December 2018
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS'000
Net profit attributable to shareholders (TZS)	**3,547,980**	1,757,688	**3,228,189**	1,585,498
Weighted average number of ordinary shares in issue (note 24)	**23,824**	23,824	**23,824**	23,824
Basic/diluted earnings per share (TZS)	**148.92**	73.78	**135.50**	66.55
Dividends paid	**878,844**	1,381,792	**878,844**	1,381,792
Dividend per share	**37**	58	**37**	58

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 4th Dar es Salaam Stock Exchange Plc (DSE) Annual General Meeting, the DSE Shareholders approved a final dividend of TZS 37 per share. Which amounted to TZS 878,844 Date of payment was 20th September 2019.

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 USD 1,274,400 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 2019, there are no commitments in relation to this agreement (31 December 2018: Nil)

30 EVENTS AFTER THE REPORTING PERIOD

The Group continues to monitor the progress of the COVID -19 pandemic and is aware of the effects it may have on the future performance. This global pandemic dramatically spread across the world leading to countries restricting the mobility of both goods and people via country lockdowns to try and curb further spreading of the disease.

These restrictions are expected to negatively affect international trade, signalling economic recession on the severely affected countries. Tanzania not being an exception has already adopted some preventive measures including social distancing, hand sanitization, closing education facilities and restriction on social gatherings.

Whilst the quantitative impact of this pandemic is uncertain at the moment, the Group's revenue streams are not expected to be significantly impacted in the short term. The Group has in place significant liquid investments to cover the operating costs should it be considered necessary given the potential reduced level of equity transactions subsequent to year end as a result of COVID-19. The short term deposits are with financial institutions for which the directors believe that there is a minimal potential credit risk, having considered the reputation of these banks as well as Bank of Tanzania's historical Intervention at any time there is crisis to Banks. Investments in government securities are considered to contain a low risk having considered the reputation of government of Tanzania of which case there has not been an incident of default on government securities in the past.

However, the exchange is already taking steps to curb the envisaged impact. Some of the measures that the exchange has undertaken include, protecting employees through different awareness programs and working from home practice where deemed practicable along alignment with the Ministry of Health and WHO Guidelines. Furthermore the exchange has taken some internal measure to curb financial impact like postponement of all the planned training program which involves travelling both locally and internationally, honouring only contractual obligations and the use of non-disposable mask and planning to invest in the risk free government bonds.

31 COMPARATIVES

Where deemed necessary the comparatives have been adjusted to align with current year's presentation.