



HEIDELBERGCEMENT Group

TANZANIA PORTLAND CEMENT COMPANY LIMITED

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2015

Tanzania Portland
Cement
ANNUAL REPORT



twiga
cement

HEIDELBERGCEMENT Group

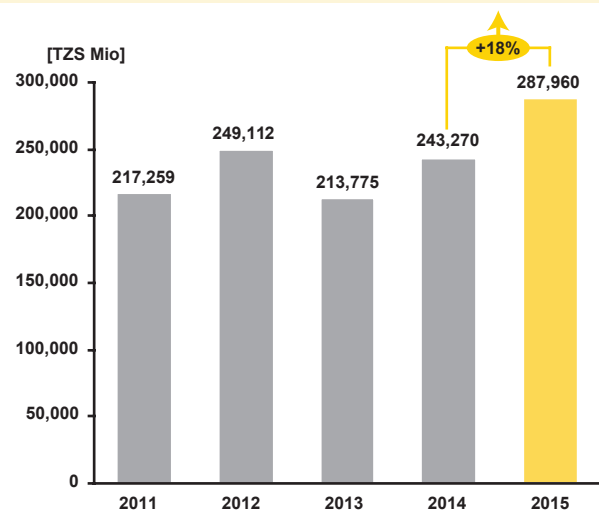




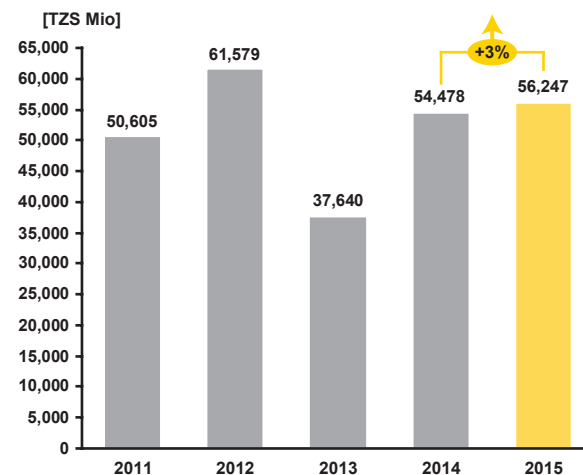


Figures in TZS' 1000	2011	2012	2013	2014	2015
Number of employees (yearly average)	356	358	341	318	313
Income statement					
Revenue	217,258,974	249,111,727	213,775,188	243,269,641	287,959,748
Operating income before depreciation (OBID)	83,120,654	103,326,150	62,595,247	89,875,999	93,056,168
Operating income (OI)	72,771,794	91,366,223	49,156,579	75,643,431	73,797,955
Profit for the financial year	50,605,262	61,578,589	37,640,029	54,478,236	56,246,507
Earnings per share (TZS)	281.26	342.25	209.20	302.79	312.61
Dividend per share (TZS)	180.00	185.00	195.00	267.00	306.00
Investments					
Total investments in fixed assets	23,622,977	14,232,524	37,211,974	29,593,261	10,451,269
Depreciation and amortisation	-10,348,860	-11,959,927	-13,110,694	-14,232,568	-19,258,213
Balance sheet					
Non-current assets	152,494,631	154,752,310	177,761,974	190,415,593	181,454,208
Current assets	100,173,774	123,077,973	116,719,236	122,706,699	127,185,787
Equity	186,875,852	213,029,613	223,291,173	229,711,529	213,903,961
Non-current liabilities	26,328,913	33,351,255	30,567,743	36,829,362	37,594,456
Current liabilities	39,463,640	31,449,415	40,622,294	46,581,401	57,141,579
Balance Sheet Total	252,668,405	277,830,283	294,810,210	313,122,292	308,639,995
Net debt [(+) means geared]	-9,175,178	-25,890,914	-5,413,191	+7,022,542	-4,459,782
Ratios					
OBD Margin	38%	41%	29%	37%	32%
OI Margin	33%	37%	23%	31%	26%
Net debt/shareholders' equity (gearing)	-5%	-14%	-2%	-14%	-5%
Net debt/OIBD	-0.11x	-0.25x	-0.09x	0.08x	-0.05x
Memo items:					
Average exchange rate TZS/USD	1,585	1,615	1,658	1,707	2,097
Closing exchange rate TZS/USD	1,613	1,626	1,626	1,770	2,224

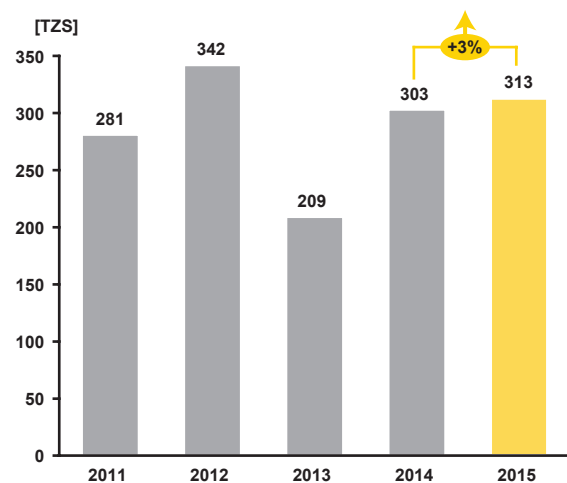
Revenue Development



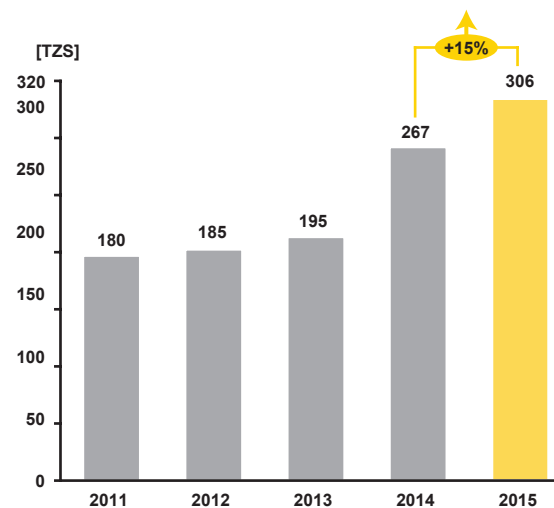
Profit/Loss in the Financial Year



Earning per Share



Dividend per Share





JK Nyerere Bridge

TPCC was privileged to supply cement for the construction of the Nyerere Bridge measuring 680m long which connects Dar es Salaam central business district to Kigamboni.



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COUNTRY OF INCORPORATION AND DOMICILE
NCHI YA USAJILI

United Republic of Tanzania

PRINCIPAL PLACE OF BUSINESS
ENEO LA SHUGHULI ZA KAMPUNI

Tanzania Portland Cement Company Limited
Wazo Hill
P.O. Box 1950
Dar es Salaam

GROUP NAME
KAMPUNI MAMA

HeidelbergCement AG
Berliner Straße 6
P.O. Box 1950
Germany

BANKERS
BENKI

Citibank (T) Limited
P.O. Box 71625
Dar es Salaam

CRDB Bank (T) Limited
PPF Tower
P.O. Box 268
Dar es Salaam

National Bank of Commerce (T) Limited
Corporate Branch
P.O. Box 9062
Dar es Salaam

SOLICITORS
MAWAKILI

Law Associates (Advocates)
CRDB Building, Wing B
Azikiwe Street
P.O. Box 11133
Dar es Salaam

FB Attorneys
Amani Place,
Ohio Street
P.O. Box 19813
Dar es Salaam

Kennedy M. Fungamtama, Esquire
Life House, Wing A
Cnr Sokoine Drive/Ohio Street
P.O. Box 10336
Dar es Salaam

COMPANY SECRETARY
KATIBU WA KAMPUNI

Mr. Brian Kangetta
Unit 3B, Plot No. 197, Block 3
Mwananyamala Area
P.O. Box 38192
Dar es Salaam

TAX ADVISORS
WASHAURI WA MASWALA YA KODI

KPMG
P.O. Box 1160
Dar es Salaam

COMPANY AUDITORS
WAKAGUZI WA HESABU ZA KAMPUNI

Ernst & Young
Certified Public Accountants
Utalii Building
P.O. Box 2475
Dar es Salaam

The Shareholders
Tanzania Portland Cement Company Limited

Letter of Transmittal

The Directors of the Company have the pleasure to submit to you the Annual Report for the Company for the year ended 31 December 2015 in accordance with section 166 of the Companies Act, 2002.

The report contains the Chairman's Statement, Report of the Managing Director, the Annual Accounts together with Directors' Report and Auditors' Report on the Accounts.

The Directors recommend a final dividend of TZS 306 per share (2014: TZS 267) which includes interim dividend of TZS 95 per share paid in October 2015 and TZS 111 per share paid in February 2016..



Jean-Marc Junon

CHAIRMAN
Tanzania Portland Cement Company Limited

Kwa Wanahisa
Tanzania Portland Cement Company Limited

Barua ya Kuwasilisha

Wakurugenzi wa Kampuni wanayo furaha kuwasilisha kwenu Taarifa ya Mwaka ya Kampuni kwa kipindi cha mwaka ulioishia Decemba 31, 2015, kwa mujibu wa ibara ya 166 ya Sheria ya Kampuni ya mwaka, 2002.

Taarifa hii inajumuisha, Maelezo Mafupi ya Mwenyekiti, Ripoti ya Mkurugenzi Mtendaji, Hesabu za mwaka, Ripoti ya Wakurugenzi na Ripoti ya Wakaguzi kuhusu hesabu hizo.

Bodi ya Wakurugenzi inapendekeza gawio la TZS 306 kwa kila hisa kwa mwaka 2015 (2014: TZS 267). Kiasi hicho kinajumuisha gawio la awali la TZS 95 kwa kila hisa lililolipwa mwezi Oktoba 2015 na TZS 111 kwa kila hisa lililolipwa mwezi Februari 2016.



Jean-Marc Junon

MWENYEKITI
Tanzania Portland Cement Company Limited



*Mr. Jean-Marc Junon,
Chairman - Twiga Cement*

Dear Shareholders, Dear Customers, Employees and Friends of Tanzania Portland Cement,

Tanzania Portland Cement Company Limited (TPCC) confirmed its leadership in the cement market in 2015 and strengthened its brand image through quality, service excellence, and corporate social responsibility.

Economic and Business Environment

The Tanzanian economy grew at a pace of about 7% in 2015 (Source: TNBS) in line with the positive trend of previous years. The cement market was estimated to have grown at a similar rate.

The entry of more competitors in the market as well as production overcapacity has made the business environment more competitive and complex and it is expected to further intensify in 2016.

In the year under review, the Tanzanian Shilling depreciated by about 23% against the USD, making 2015 a particularly vulnerable year when it comes to exchange rate.

Financial Performance

In 2015, TPCC recorded an increase in sales volumes of 22% versus 2014. This was a result of increased capacity, production efficiency and the consolidation of Twiga Extra as main product in its portfolio.

Total revenue increased by 44.6bn TZS. Profit for the year in 2015 was 56.2bn TZS, 3% above 2014. This was despite the 23% unfavourable exchange rate (TZS/USD) impacting fuel, spares and quarry services. This was offset through efficient variable cost management and fixed cost reduction.

Prospects

Cement demand in Tanzania and in the East-African region has been growing steady over the last years. Having invested in expanded capacity, together with rehabilitation of the old clinker lines, TPCC is well placed to meet this growing demand.

Dividend

The Board proposes a dividend for 2015 of TZS 306 per share. This represents an increase of 14.6% compared to 2014 amount of TZS 267 per share. The proposed dividend includes two interim amounts of TZS 95 per share and TZS 111 per share paid in October 2015 and February 2016 respectively.

Corporate Citizenship

TPCC continues to fulfil its commitment towards full compliance in terms of Social Corporate Responsibility, taking all necessary measures to enhance and improve its performance in health & safety, environment management, governance, human rights and antidiscrimination policies.

TPCC remains a major contributor to the Tanzanian economy and society through government taxes, technology improvements, new investments, international business standards, community development programs and by performing its core activity: to produce high quality cement for building the country.

Thanks to all TPCC stakeholders and Employees

I would like to thank all TPCC's Stakeholders, Board, Management and Staff, for their support during the past year. I am confident that TPCC will continue to deliver value for the Shareholders in the future.



Jean-Marc Junon
Board Chairman





Ndugu Wanahisa, Wateja, Wafanya kazi na Marafiki wa Tanzania Portland Cement,

Utangulizi

TPCC imeendelea kuthibitisha uongozi wake katika soko la saruji na kuimarisha taswira yake katika soko kupitia ubora, huduma bora na uwajibikaji kijamii

Mtazamo wa Kiuchumi na Biashara

Katika kipindi cha mwaka 2015, uchumi wa Tanzania umekua kwa asilimia 7 (chanzo: TNBS) ikiwa sawa na mwenendo chanya kama miaka iliyopita. Soko la saruji imekadiriwa kukua katika kiwango sawa na ukuaji wa uchumi.

Ongezeko la viwanda vipya vya saruji na ongezeko la ziada la uzalishaji saruji limefanya mazingira ya biashara kuwa ya ushindani zaidi na ushindani unategemea kuongezeka zaidi katika mwaka wa 2016.

Katika mwaka huu wa 2015, thamani ya sarafu ya Tanzania imekadiriwa kushuka kwa asilimia 23 dhidi ya dola ya kimarekani (USD), hivyo kuufanya mwaka 2015 kuathiriwa zaidi na viwango vya ubadilishaji fedha.

Utendaji wa Kifedha

Mwaka 2015, TPCC iliongeza usambazaji wa saruji kwa 22% ikilinganisha na mwaka 2014. Ongezeko hili limesababishwa na ongezeko la uwezo wa uzalishaji, ufanisi pamoja na kuifanya saruji aina ya Twiga Extra kama bidhaa kuu kati ya aina za saruji zinazotengenezwa kiwandani.

Mauzo ya mwaka 2015 yameongezeka kwa TZS 44.6bn. Faida ghafi ya mwaka ilikuwa TZS 56.2bn, ikiwa ni ongezeko la 3% ya mwaka 2014. Kushuka kwa thamani ya sarafu ya Tanzania kwa 23% (TZS/USD) iliathiri gharama za mafuta, vipuri na huduma kwenye machimbo ya malighafi hata hivyo, kampuni ilifanikiwa kwa ufanisi zaidi katika kudhibiti na kupunguza gharama za uzalishaji.

Matarajio

Mahitaji ya saruji kwa Tanzania na Afrika Mashariki yameendelea kuongezeka ikilinganisha na miaka iliyopita. Ili kukidhi ongezeko la mahitaji ya saruji, TPCC imewekeza katika kuongeza uwezo wa uzalishaji saruji pamoja na kukarabati kinu cha zamani cha kutengeneza klinka.

Gawio

Kwa mwaka 2015, Bodi impendekeza gawio la TZS 306 kwa hisa. Hii ikiwa ni ongezeko la 14.6% ikilinganishwa la gawio la mwaka 2014 la TZS 267 kwa hisa. Gawio pendekezwa linajumuisha gawio la awali la TZS 95 na TZS 111 kwa hisa lililolipwa mwezi Oktoba 2015 na Februari 2016.

Uraia Mwema

TPCC inaendelea kutimiza ahadi zake kwa ukamilifu shughuli za kijamii, kuchukua hatua za dhati ili kuboresha utendaji katika masuala ya afya na usalama, utunzaji wa mazingira, utawala bora, haki za binadamu na sera zisizo na ubaguzi

TPCC ni kati ya wachangiaji wakubwa katika uchumi wa Tanzania na jamii kupitia ulipaji wa kodi kwa Serikali, uboreshaji wa teknolojia, uwekezaji mpya, kukidhi viwango vya kimataifa vya biashara, shughuli za maendeleo kwa jamii na pia kujikita katika utengenezaji wa saruji ya kiwango cha juu katika ujenzi wan chi.

Hitimisho

Ningependa kuwashukuru washirika wote wa TPCC, Bodi ya Wakurugenzi na Wafanyakazi kwa ushirikiano waliutoa kwa kipindi chote cha mwaka uliopita. Nina Imani kuwa TPCC itaendelea kuongeza thamani kwa wanahisa wake.



Jean-Marc Junon

Mwenyekiti wa Bodi



Mr. Alfonso Rodriguez

Introduction

2015 has been a year of consolidation for TPCC, with especial focus on Management control and cost reduction. The year has also been marked by a strong downwards price trend due to growing over capacity, as well as by the deep devaluation of the Tanzanian Shilling against the USD. However, consolidation of the strategic changes on TPCC's product mix, as well as increased quality of own clinker production, has assisted to continue reducing our overall variable cost of cement allowing TPCC to remain competitive in such challenging market situation. TPCC increased its sales volume by 21.6% compared with the previous year, keeping the Operating Profit at 2014 levels and increasing the Net Profit for Year by 3%. In view of the market environment this can be considered, once again, a solid performance by our company. Once again, the increase of cement capacity in Tanzania, together with the unreliable power supply from TANESCO, and the volatility of the Tanzania Shilling will continue to present the main challenges the coming years, while TPCC will continue with its effective cost control strategy and to search for market performance excellence in terms of product and service quality. The full implementation of our Customer Excellence Program, together with the higher efficiency achieved through our newly designed business processes and integrated ERP system will allow TPCC to continue positioned as the market leader in Tanzania.

Sales

In 2015, the Tanzanian GDP grew in line with previous year's rate. Nevertheless, Tanzanian domestic market, though affected by a particularly heavy rainy season, reached estimated the 3.3 million Mt, which represent estimated 13% growth from the previous year. This is a result of the elasticity of the cement demand reacting to cement availability and price reduction. This development allowed TPCC to fully utilize our new Cement Mill 5, commissioned in Q4 2014, reaching a record sales volumes in 2015 and estimated Market Share of 40%. The implementation of the our Customer Excellence Program (CEP), allow TPCC to gain in depth knowledge of the market segmentation, customer preferences and specific needs and to increase the positive Twiga Cement brand perception among end users.

TPCC continued to be the market leader in quality and volume, being the preferred supplier for all main national and international contractors.

In 2015, TPCC also increase export volumes to neighbouring countries like Rwanda and Burundi with the goal to release pressure from the domestic market.

Operations

All operational parameters at TPCC for the year 2015 show consolidated improvements in comparison with previous years, confirming the positive trend of the last exercises in terms of clinker incorporation, maintenance cost, and plant performance indicators. TPCC's Continuous Improvement Project (CPI), together with the top to bottom Management commitment to KPI and goals, has been the basis for this improved performance.

Financial performance

The increase of 21.6% in sales volumes has resulted in a boost of 18% on our Net Revenue and an increase of TPCC Profit for the Year from TZS 54.5 in 2014 to 56.2 in 2015. The variable cost reduction strategy as well as the fixed cost contention program established in 2014 has been the basis for a good result in 2015. TPCC continued to create strong financial value for its shareholders and has substantially improved its solid financial position in 2015, proving to be ready to face any major challenges.

Corporate Citizenship

In 2015, TPCC continued with the Corporate Social Responsibility (CSR) programmes and renewed our ISO 9001 certification, maintaining the ISO 14001 and OHSAS 18001 certifications as part of the commitment on continuous improvement in line with our Quality, Health & Safety, Environmental and Sustainability Policies.

TPCC continued collaborating different organizations with donations to hospitals, orphanages and schools, and coordinated with the local authorities the assistance on specific projects with positive impact on the surrounding communities (road maintenance, water conductions, etc).

In the field of environment, the Tree Nursery Project continued to be active with more than 110,000 grown and planted in our efforts for quarry reforestation as well donations to different organizations and institution. TPCC continued also with the strategic partnership with the Jane Goodall Institute in order to increase and spread the necessary awareness of the need of reforestation to fight climate change and erosion.

Future Ahead

As market leader and older established cement producer in Tanzania, TPCC continues with its vocation of Nation Builder, accompanying Tanzania in its development efforts through high level of service commitment as well as full compliance with local regulations. With the latest investments in the modernization of our business processes and ERP infrastructure, environmental performance and production capacity, TPCC is fully equipped to face all present and future challenges. With the basis of the strong financial and operational performance in 2015, and the full commitment from TPCC staff, Management Team and Board of Director, I am fully convinced that TPCC will continue to consolidate this exceptional result during the year 2016 and I to continue offering strong value to our shareholders.



Utangulizi

Mwaka 2015 umekuwa ni mwaka wa majumuisho kwa TPCC huku mtazamo mkubwa ukiwa katika kupunguza gharama za undeshaji. Katika kipindi hiki pia, bei ya saruji iliendelea kushuka kutokana na ongezeko kubwa la saruji katika soko na sarafu ya Tanzania (TZS) iliendelea kushuka thamani dhidi ya sarafu ya Kimarekani (USD). Hata hivyo, mabadiliko ya mseto wa bidhaa (product mix) zetu pamoja kuongezeka kwa ubora wa klinka inayozalishwa kiwandani, imesaidia kwa kiasi kikubwa kupunguza gharama za uzalishaji na kuifanya TPCC kuendelea kuwa mshindani katika soko.

TPCC iliongeza mauzo ya saruji kwa asilimia 21.6 ikilinganishwa na mwaka uliopita, huku faida ghafi ikifikia kiwango sawa na faida ghafi ya mwaka 2014, huku faida baada ya kodi ikiongezeka kwa asilimia 3. Ukizingatia hali halisi ya soko la saruji kwa sasa, matokeo yaliyofikiwal yanaashiria utendaji mzuri wa kampuni. Ongezeko la uwezo wa kuzalisha saruji nchini, nishati ya umeme kutoka TANESCO isiyo ya uhakika na kushuka kwa thamani ya sarafu ya Tanzania ni changamoto kwa TPCC kwa miaka ijayo, hata hivyo TPCC inaendelea na sera ambazo zitasaidia kudhibiti gharama na pia kuboresha utendaji katika soko kupitia bidhaa na ubora wa huduma. Utekelezaji wa programu ya huduma bora kwa wateja (CEP) pamoja na ufanisi mkubwa unaotokana na mfumo mpya wa kompyuta (ERP) zitasaidia kuiweka TPCC katika nafasi nzuri ya uongozi katika soko la saruji la Tanzania

Mauzo

Katika mwaka 2015, soko la ndani la saruji lilikuwa kwa kiasi sawa na ukuaji wa pato la taifa (GDP), pamoja na athari za mvua kubwa usambazaji wa saruji katika soko la ndani ulikadiriwa kufikia tani milioni 3.3, ikiwa ni ongezeko la 13% ikilinganishwa na mwaka 2014. Mahitaji ya saruji yalichagizwa na uhitaji wa saruji na kushuka kwa bei ya saruji. Kutokana na ongezeko hili, TPCC iliweza kukitumia ipasavyo kinu namba 5 kuzalisha saruji, ambacho kilianza uzalishaji saruji katika robo ya nne ya mwaka 2014. Hii iliweza kuongeza usambazaji wa saruji ya TPCC kwa kiasi kikubwa na kufikia takriban asilimia 40 ya soko la saruji. Utekelezaji wa mpango maalum wa kuboresha huduma kwa wateja (CEP) kulipa TPCC fursa ya kufahamu kwa kina soko, mahitaji ya wateja na kuongeza mtazamo chanya kwa watumiaji saruji ya chapa ya Twiga.

TPCC imeendelea kuongoza katika soko la saruji kwa ubora na usambazaji wa saruji hii imeifanya saruji kutoka TPCC kuwa chaguo la kwanza kwa wakandarasi wa ndani na wa kimataifa.

Katika mwaka 2015, TPCC iliongeza uzambazaji wa saruji kwa nchi jirani za Rwanda na Burundi ikiwa na lengo la kupunguza utegemezi zaidi katika soko la ndani la saruji.

Uendeshaji

Vigezo vyote vya uzalishaji katika mwaka 2015 viliendelea kuimarika ikilinganishwa na miaka iliyopita. Hii inadhihirisha matokeo chanya yatokanayo na matumizi ya klinka, gharama za matengenezo na viashiria vya kiutendaji kiwandani. Programu zetu endelevu za uboreshaji (CPI), dhamira ya dhati ya uongozi vimechangia kutimizwa kwa viashiria vya utendaji (KPI) na malengo yaliyowekwa, vimekuwa chanzo cha ufanisi katika utendaji.

Ufanisi Kifedha

Ongezeko la asilimia 21.6% la usambazaji saruji limesababisha ongezeko la mauzo na faida ghafi kutoka TZS 54.5 bilioni mwaka 2014 hadi kufikia TZS 56.2 bilioni mwaka 2015. Udhhibiti wa gharama za uendeshaji (variable and fixed costs) umekuwa chanzo cha matokeo mazuri katika mwaka 2015. TPCC imeendelea kuongeza thamani kwa wana hisa wake na imeboresha kwa kiasi kikubwa utendaji kifedha na hii inadhihirisha utayari wa kukabiliana na changamoto zozote.

Uraia Mwema

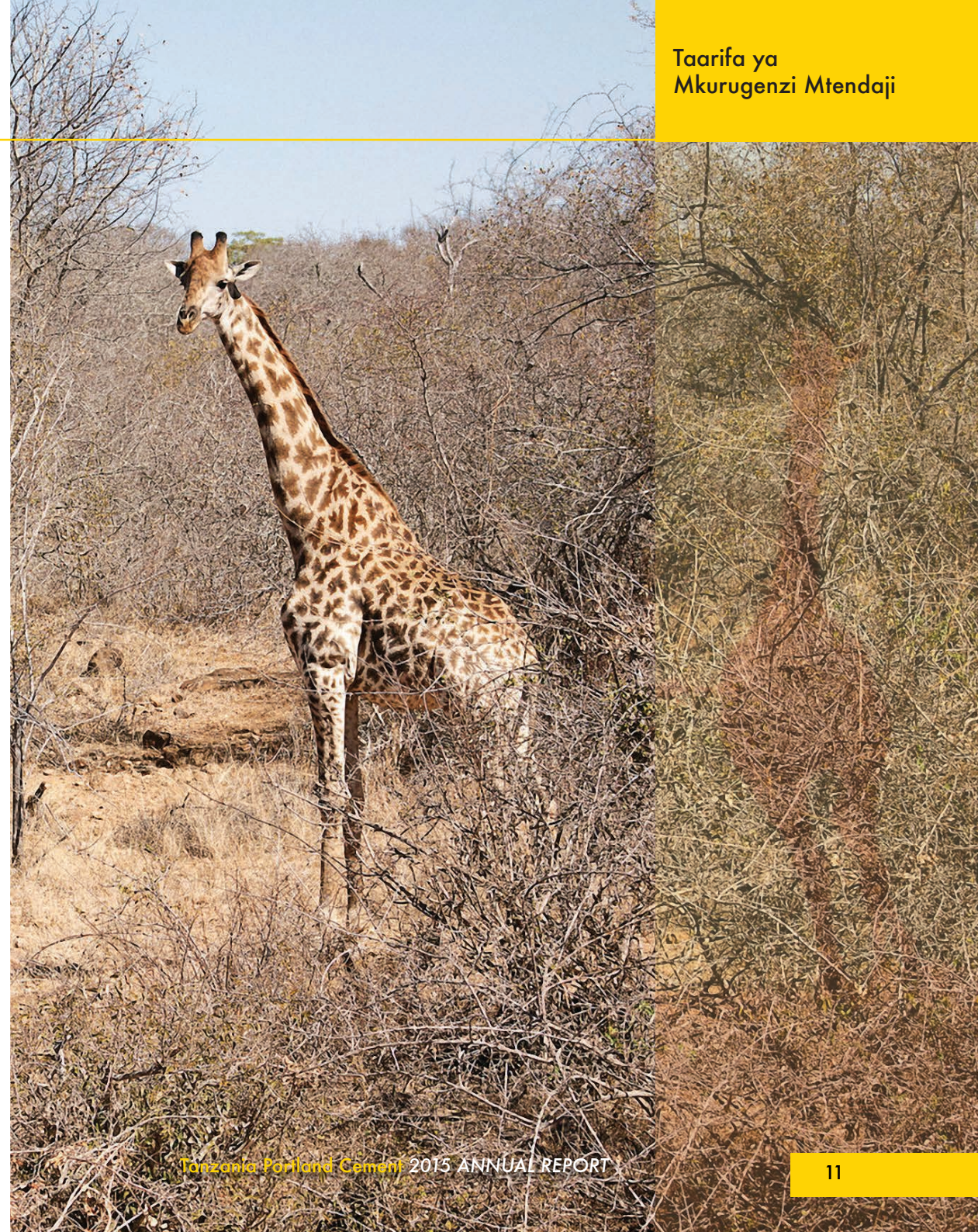
Mwaka 2015, TPCC iliendelea na wajibu wake wa uraia mwema na kuhuisha ithibati za ISO 19001 na pia kuendeleza ithibati za ISO 14001 na OHSAS 18001 kama sehemu ya dhamira yake ya kuendeleza maboresho kulingana na sera zetu endelevu za viwango vya ubora, afya na usalama na mazingira.

TPCC inashirikiana na taasisi mbalimbali kwa kutoa misaada kwenye hospitali, vituo vya watoto yatima na mashule. Pia tunashirikiana na mamlaka mbalimbali za ndani katika kutekeleza miradi maalum ili kunufaisha jamii zinazotuzunguka kama vile matengenezo ya barabara na mifereji ya maji.

Katika upande wa utunzaji mazingira, miti zaidi ya 110,000 imeshaoteshwa na kupandwa ili kuboresha maeneo ya machimbo na pia kusambazwa katika asasi mbalimbali. TPCC inashirikiana na taasisi ya Jane Goodall katika kuelimisha jamii umuhimu wa utunzaji na upandaji miti kama njia mojawapo ya kukabiliana na mabadiliko ya hali ya hewa na mmomonyoko wa udongo.

Hitimisho

Kama kiongozi katika soko na waanzilishi wa uzalishaji wa saruji Tanzania, TPCC imeendelea kutoa mchango mkubwa katika kwenye ujenzi wa taifa, ikiwa ni pamoja na kutoa huduma bora na kutimiza sheria na kanuni za nchi. Uwekezaji wenye lengo la kuimarisha mifumo ya utendaji, mifumo ya kompyuta (ERP), mazingira na uwezo wa uzalishaji, TPCC imejiimarisha katika kukabiliana na changamoto za sasa na za baadaye. Utendaji mzuri katika mwaka 2015, bodi ya wakurugenzi na wafanyakazi, nina imani kabisa kuwa TPCC itaendelea kufanya vizuri katika mwaka 2016 na kuendelea kuongeza thamani kwa wanahisa wake.





**Mr. George Fumbuka, Tanzanian
(MBA Finance from the University of Strathclyde
Business School, FCCA)**

Since 1990, Mr Fumbuka is a director and the Chief Executive Officer of CORE Securities. He has previously worked for TANESCO (1984-89), Coopers and Lybrand (1981-84), the Board of External Trade (1976-78) and for the Institute of Finance Management (1976-81). He is also a Board Member of Swissport Tanzania Limited, another listed company, and he is a director in the board of Eagles Secondary School. He is registered by the National Board of Accountants and Auditors as a Certified Public Accountant in Public Practice.

**Mr. Gary Whitehead, British
(FCCA)**

Mr. Gary Whitehead worked with the Hanson Group for 15 years, joining the HeidelbergCement Group in 2007 when Hanson was acquired by HeidelbergCement AG. Mr. Whitehead worked within the United Kingdom business in various senior Finance roles before being appointed the Chief Finance Officer (CFO) of the Turkish JV, Akcansa in 2010. He joined HeidelbergCement Africa in November 2012 as the CFO for HC Africa Group of Companies. Mr Whitehead was appointed to the Board of TPCC in December 2012.

**Mr. Jean-Marc Junon, French
(B.Sc. Degree in Civil Engineering)**

Mr. Jean-Marc Junon has been the Chairman of the Board of Directors of TPCC from April 2005. He started his career in the nuclear industry in France and South Africa, rising to the position of Site Manager. He joined the cement industry in 1987, in Italcementi Group, serving that Group for 14 years in increasingly more responsible positions, from plant management to directorship of strategic business planning & development, based in Europe and South-East Asia/China. He joined the HeidelbergCement Group in 2001 as Chief Operating Officer (COO) in charge of China. Since end of 2004 he has been COO for HeidelbergCement Africa. Mr Junon chairs or sits on the Boards of several other companies in the Group.



Mr. Alfonso Rodriguez

Mr. Arne-Jørg Selen
(Alternate to
Mr. Daniel Gauthier)

Mr. Joseph Rugumyamheto

**Mr. Alfonso Rodriguez, Spanish
(Masters Degree in Business Administration
(MBA) and Masters Degree in Real Estate
Development)**

Mr. Alfonso Rodriguez was appointed as the Managing Director of TPCC in November 2013. Mr. Rodriguez joined CIMBENIN, a subsidiary of HeidelbergCement in 2011 as the Managing Director. He has vast experience in cement industry and prior to joining HeidelbergCement he worked in cement companies in countries such as United States of America, Spain, China, Senegal, Egypt and Gambia.

**Mr. Daniel Gauthier, Belgian
(Civil Eng. Mining, Masters Degree in
Management, Civil Engineering)**

Mr. Gauthier has 32 years of experience in the cement industry. He is a member of the Managing Board of the HeidelbergCement Group and Chief Executive Officer (CEO) for the area of Benelux – Northern Europe – United Kingdom – Africa – Med-East, and Trading. He is the President and CEO of CBR S.A., President of the European Cement Research Association, President of Polytech Mons Alumni, Board Member of LVI (Carmeuse Group), member of Cembureau Board and member of the Committee of the Science Academy of Belgium for the Application of Science. He is also Board Member of HeidelbergCement Northern Europe (Sweden), Akcansa (Turkey), and CCC (China).

**Mr. Joseph Rugumyamheto, Tanzanian
(M.A Stanford University, California, Degree
of Economics and Management from the
University of Dar es Salaam)**

Mr Rugumyamheto has over thirty five years of experience in the public sector. He is currently an independent advisor and a director of various companies and Non-Governmental Organisations having served as the Permanent Secretary President's office, Public Service Management in the Government of Tanzania. He has also been a Director in various agencies

Bw. Jean-Marc Junon, Mfaransa

(Shahada ya kwanza ya Sayansi katika Uhandisi Ujenzi)

Bw. Jean-Marc Junon ni Mwenyekiti wa Bodi ya Wakurugenzi wa Kampuni kuanzia Aprili 2005. Alipata mafunzo yake ya uzalishaji katika tasnia ya nyuklia huko Ufaransa, ambapo alifanya kazi kwa miaka mitano akapanda cheo hadi kufikia ngazi ya Meneja wa Eneo la Ujenzi "Site Manager". Alijiunga na tasnia ya saruji mnamo mwaka 1987 kama Meneja Msaidizi wa Kiwanda katika kampuni ya Italcementi Group, akafanya kazi na Kampuni hiyo kwa miaka 14 katika nyadhifa kubwa mbalimbali, kusimamia majukumu ya watendaji katika uzalishaji, mipango mkakati ya kibiashara na maendeleo. Alipanda ngazi hadi kufikia cheo cha Meneja Maendeleo ya Biashara kanda ya Asia Kusini Mashariki na China kabla ya kuacha kazi Italcementi mwishoni mwa mwaka 2000. Alijiunga na kundi la makampuni la HeidelbergCement Group mwaka 2001 kama Afisa Mkuu Uendeshaji katika China. Sasa hivi ni Afisa Mkuu Uendeshaji wa HeidelbergCement Africa. Bw. Junon ni mwenyekiti au mjumbe wa bodi mbalimbali za makampuni yaliyo chini ya kundi la makampuni ya HeidelbergCement

Bw. Gary Whitehead, Mwingereza

(FCCA)

Bw. Gary Whitehead alifanya kazi kwa miaka 15 na Kundi la Makampuni la Hanson; alijiunga na Kundi la Makampuni la HeidelbergCement kufuatia kundi la Hanson kununuliwa na HeidelbergCement AG mwaka 2007. Alifanya kazi akishika nafasi mbalimbali za juu katika idara ya fedha hadi alipoteuliwa kuwa Afisa Fedha Mkuu wa Turkish JV, Akansa mwaka 2010. Alijiunga na HeidelbergCement Afrika mnamo Novemba 2012 akiwa Afisa Fedha Mkuu wa Kundi la Makampuni la HC Africa. Aliteuliwa kuwa mjumbe wa Bodi ya Wakurugenzi ya TPCC mwezi Desemba 2012.

Bw. Alfonso Rodriguez, Hispania

(Shahada ya uzamili Usimamizi wa Biashara (MBA))

Bw. Alfonso Rodriguez aliteuliwa mwezi Novemba 2013 kuwa Mkurugenzi Mtendaji wa TPCC. Alijiunga CIMBENIN, kampuni tanzu ya HeidelbergCement mwaka 2011 akiwa na wadhifa wa Mkurugenzi Mtendaji. Kabla ya kujiunga na

HeidelbergCement, Bw. Rodriguez ana uzoefu wa muda mrefu katika sekta ya saruji na amewahi kufanya kazi katika nchi za Marekani, Hispania, China, Senegal, Misri na Gambia.

Bw. George Fumbuka, Mtanzania

(Shahada ya Uzamili katika Usimamizi wa Fedha ya Chuo Kikuu cha Strathclyde Business School, FCCA)

Tangu 1990 ni Mkurugenzi na Afisa Mkuu Mtendaji wa CORE Securities. Amewahi kufanya kazi TANESCO (1984-89), Coopers and Lybrand (1981-84), Bodi ya Biashara ya nje (1976-78) na Chuo cha Usimamizi wa Fedha (IFM) (1978-81. Ni Mjumbe wa Bodi za Swissport Tanzania Limited na Tanzania National Parks (TANAPA). Amesajiliwa katika Bodi ya Taifa ya Wahasibu na Wakaguzi katika ngazi ya mhasibu aliyethibitishwa kwenye hesabu za umma.

Bw. Daniel Gauthier, Mbelgiji

(Mhandisi Ujenzi – Madini, Digrii ya Uzamili katika Uongozi, Mhandisi Ujenzi)

Miaka 32 ya uzoefu katika nyadhifa mbalimbali kwenye sekta ya saruji. Ni mjumbe katika Bodi ya Utawala ya HeidelbergCement na Afisa Mkuu Mtendaji kwa kanda ya Ulaya Kaskazini, Benelux, Afrika, Med-East na HC Trading. Ni Rais na Afisa Mkuu Mtendaji wa CBR S. A., Raisi wa Chama cha Utafiti wa Saruji Ulaya, Rais wa wa Polytech Mons Alumni, Mjumbe wa Bodi ya LVI (Carmeuse Group), Mjumbe wa Bodi ya Cembureau na mjumbe wa kamati ya The Science Academy of Belgium for the Application of Science. Pia ni Mjumbe wa Bodi ya HeidelbergCement Ulaya Kaskazini (Sweden) Akansa (Turkey na CCC (China).

Bw. Joseph Rugumyamheto, Mtanzania

(Shahada ya Uchumi na Utawala ya Chuo Kikuu cha Dar es Salaam)

Bw. Rugumyamheto ana uzoefu wa miaka 35 katika utumishi wa umma na amewahi kushika nyadhifa Ukatibu Mkuu na Mkurugenzi katika wizara na vitengo mbalimbali vya umma. Bw. Rugumyamheto kwa sasa ni mshauri wa kujitegemea na pia ni mkurugenzi katika makampuni binafsi na asasi zisizo za kiserikali.



Jesse Shuma

Peter Mohamed

Gregory Ndimbo

Richard Magoda

Jerome Mwakabaga

Alfonso Rodriguez



Tom Dijkstra

Simon Delens

Luis Llimos



The Directors have the pleasure in submitting their report, together with the audited financial statements of Tanzania Portland Cement Company Limited ('the Company') for the year ended 31 December 2015.

1. PRINCIPAL ACTIVITIES

The principal activity during the year under review was the manufacture and sale of cement and aggregates.

2. COMPANY'S VISION

To develop a strong identity, be the market leader and the first choice amongst cement consumers in Tanzania.

3. COMPANY'S MISSION

To satisfy customers by providing them with a high quality product and service at an affordable price

4. QUALITY STATEMENT

We are successful only when our customers are successful. TPCC contributes to their success by supplying them with the products they want and need. We strive to achieve customer satisfaction by ensuring that the quality of our products are within the required standards and services are consistent and are continuously improved to meet our customers' expectations. It is the declared goal of every employee to make TPCC and Twiga Cement into recognized bywords for quality. This position allows us to achieve market leadership.

5. DIRECTORS

The Directors of the Company at the date of this report all of whom have served throughout the year, except as otherwise indicated, were:

Name	Title	Nationality	Age	Qualification
Mr. Jean-Marc Junon	Chairman	French	59	BSc (Civil Eng)
Mr. Gary Whitehead	Director	British	45	FCCA
Mr. Alfonso Rodriguez	Director	Spanish	46	MBA
Mr. George Fumbuka	Director	Tanzanian	62	MBA, FCCA
Mr. Daniel Gauthier	Director	Belgian	58	BSc (Mining), MBA (Arne- Jørg Selen – Alternate to Daniel Gauthier)
Mr. Joseph Rugumyamheto	Director	Tanzanian	69	BA (Econs & Mgt), MA

With the exception of Mr. Alfonso Rodriguez who is the Managing Director, all other current Directors are non-executive.

6. AUDIT COMMITTEES

The Audit Committee members who served during the year were:

Name	Nationality	Qualification
Gary Whitehead	British	FCCA
Mr. George Fumbuka	Tanzanian	MBA, FCCA
Mr. Arne- Jørg Selen	Norwegian	MBA, LLB

7. DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

	Number of shares	
	2015	2014
Bw. Joseph Rugumyamheto	51,000	51,000

8. DIRECTORS' REMUNERATION

The Company paid a total of TZS 94.6mn (2014: TZS 74.9mn) for services rendered as Directors of the Company and members of the Audit Committee.

9. KEY MANAGEMENT PERSONNEL OF THE COMPANY

The key management personnel who served the Company during the year ended 31 December 2015 were:

Name	Title
Alfonso Rodriguez	Managing Director
Ignatius Asare	Director of Finance & Administration (up to 30 June 2015)
Luis Llimos	Finance Director (starting 1 July 2015)
Jayne Nyimbo-Taylor	Director of Human Resources (up to 28 April 2015)
Jesse Shuma	Director of Human Resources (starting 01 November 2015)
Simon Delens	Sales and Marketing Director
Tom Dijkstra	Plant Manager
Evaritha Tenson	Procurement Manager (up to 30 June 2015)
Peter Mohamed	Procurement Manager (starting 1 July 2015)
Richard Magoda	Environmental Manager
Alfred Anthony	Health & Safety Manager (up to 30 November 2015)
Jerome Mwakabanga	Health & Safety Manager (starting 1 December 2015)

10. REVIEW OF THE BUSINESS

The Company recorded an increase in sales volume of 22% from 2014 to 2015. The turnover increased from TZS 243.3bn in 2014 to TZS 287.9bn in 2015, an increase of 18%. The increase in sales volume and turnover were as a result of better production efficiency, increased capacity (new cement mill was in operation for full year), recruitment of new distributors and the product mix.

The Company made a total operating profit of TZS 73.9bn compared to TZS 75.6bn in 2014, a decrease of 2%. Profit before taxation increased from TZS 79.0bn in 2014 to TZS 80.9bn in 2015.

After the effect of income tax of TZS 24.8bn (2014: TZS 24.5bn), the net profit for the year was TZS 56.2bn (2014: TZS 54.5bn). Total comprehensive income amounted to TZS 55.7bn (2014: TZS 53.6bn).

The operating results are shown on page 38 of the financial statements.

11. FUTURE PROSPECTS OF THE COMPANY

The cement demand in Tanzania and in the East-African region has been growing steadily over the last years. Having invested in expanded capacity together with rehabilitation of the old clinker lines as well as on strategic sources of raw materials and energy supply, the Directors believe the Company is well placed to meet this growing demand.

Gas project

The company is exploring ways of ensuring reliable power supply to run its operations smoothly. Arrangements are underway with third party companies to build and operate under a Power Purchase Agreement (PPA) a gas plant at TPCC. Once completed, the Company will be assured of reliable supply of power to meet the operational demands. The current need of TPCC is rated at 32MW and the gas plant would then come as an extra source of energy to compensate the extra requirement and the current fluctuation in power supply. The final decision and structure of the project will be taken in 2016.

12. SOLVENCY EVALUATION

The Directors have reviewed the current financial position of the Company and the existing long and short-term borrowings. On the basis of this review together with the current business plan, the Directors are satisfied that the Company is a solvent going concern within the meaning ascribed by the Companies Act, 2002 of the Laws of Tanzania and International Financial Reporting Standards.

13. ENVIRONMENTAL CONTROL PROGRAMME

Quarry Rehabilitation

Quarrying activities often entail significant local environmental impacts as the soil is always removed and the topography altered, or local ecosystems and watersheds are impacted. During or after extraction, opportunities arise to rehabilitate the area and ensure the biodiversity is maintained or even enhanced. Rehabilitation activities depend on the area's biogeographic conditions, local partners and expertise, and company motivation.

In line with the above and the Company's Environmental Policy in which there is a commitment to re-naturalise the quarry, TPCC is demonstrating its commitment to rehabilitation. Approximately 12.5 hectares in the quarry were planted with trees by 31 December 2015. On the other hand at 31 December 2015, a total of 183,459 seedlings were already raised in the quarry (2014: 134,244). The total number of trees planted in the quarry by the end of December 2015 was 47,253 with a survival rate of 88.04% (2014: 35,181 with survival rate of 85.40%). The total number of trees donated to various stakeholders by the end of December 2015 was 39,794 trees (2014: 27,593 trees).

TPCC also understands the responsibility to the local habitats and communities, and the opportunity to maximize the potential positive impacts of quarrying activities. Since the beginning of the project, TPCC has conducted sixteen official awareness raising and capacity building events in the TPCC quarry for visitors especially youth groups, students and pupils with a belief that through Environmental Education students can be agents of change as well as future decision makers on sustainable use of biodiversity.

ISO 14001:2004 (Environmental Management System)

TPCC continues to maintain the ISO 14001 certification. The Company continues to strive to improve its Environmental Management Systems by keeping abreast with Environmental trends, and implementing its objective and targets. Recertification Audit is expected in first half of 2016.

Emissions Monitoring

Emissions monitoring is planned to take place in March 2016, the last measurements were done in March 2015. Management has implemented the emission monitoring system to ensure full compliance with Tanzania National Standards and IFC/World Bank standards for dust emissions.

14. HEALTH AND SAFETY

At TPCC, occupational health and safety continues to be a top priority. Besides the continued improvement of technical and organizational safety standards within the Company, TPCC intensified its efforts in 2015 to reinforce the awareness of all employees, contractors and transport companies towards a safety culture.

The Company implements an Occupational Health and Safety Management System (OHSMS) as part of the risk management strategy and has Occupational Health and Safety Management System (OHSAS 18001:2007) certification. Work management systems, such as those in accordance with the internationally accepted OHSAS 18001:2007 standard, require a structured approach with planning, clear work regulations, responsibilities, and controls to ensure an ongoing improvement process.

Management will continue to place emphasis on health and safety of employees and third party service providers with emphasis on zero lost time injury and zero fatality.

15. MAJOR EVENTS

- a. Interfacing of new Accounting System (Infor Sun System) with an upgraded Enterprise Assets Management System (EAM) during the last quarter of the year.
- b. Limestone Sales – Purchase agreement between TPCC and Prison Corporate Sole (PCS) for accessing limestone was signed in December 2014. In 2015 mining activities started in Prison quarry. Under this

Public Private Partnership (PPP) arrangement, TPCC is assured of the high quality limestone to feed into the production process. Thus, the Company is assured of the materials availability to sustain and stabilise production for the future.

- c. After the Company in October 2006 won the case brought against 933 trespassers occupying the Company's land, the appeal process was concluded in 2010 in favour of the Company. The Company in collaboration with the Government is working towards a solution of the case.

16. EMPLOYEE WELFARE

a. Relationship between management and employees

The relationship between employees and management for the year ended 31 December 2015 continued to be good. There were no unresolved complaints received by management from employees during the year. A healthy relationship continues to exist between management and the Trade Union. A voluntary agreement entered into between the Tanzania Union of Industrial and Commercial Workers (TUICO) and the Company governs the relationship between management and employees. Negotiations for the new agreement for 2015 – 2016 was finalised in May 2015.

b. Staff strength and gender parity

As at 31 December 2015, the Company had 313 employees, out of which 32 were female and 281 were male (2014: Total 318; female 34 and male 284).

c. Medical facilities

The Company fully meets the cost of medical consultation and treatment for all employees and their immediate families.

d. Industrial safety

The Company has a strong Health and Safety Department which ensures that a strong culture of safety prevails. The Company has facilities and equipment in place, which meet the requirements contained in the Occupational Health and Safety Act, 2003 and other relevant legislation concerning industrial safety (OHSAS 18001 Certification).

e. Training

The Company consistently invests in personnel development including employing and training qualified talent. Technical and managerial skills are essential in ensuring sound operational management and maintenance of technology in the plant.

During the year TPCC, focused on occupational health and safety, Group compliance policy, financial management, quality management, and leadership development.

The Company collaborated with Vocational Education and Training Authority (VETA) in building up a curriculum for the pilot training of Electrical personnel. Some employees of the Company have been enrolled in this two-year programme to enhance their skills.

f. Employee benefits

Salary levels are adjusted annually within the Company's means after negotiations between TUICO and management. The 2015 salary increments were agreed in April 2015 (the 2014 salary increment was agreed in February 2014). During the year under review, all employees under contract had income levels of TZS 7.8mn per annum or more.

Some employees are members of Parastatal Pension Fund (PPF) and others are members of National Social Security Fund (NSSF). The Company contributes 15% of basic salary of each employee to PPF and 10% of basic salary of each employee to NSSF on behalf of all employees. Retirement benefits payable under the Statutory Pension Scheme are supplemented by an endowment scheme, for which the Company contributes 10% of the employee's basic salary.

g. Equal opportunities & Disabled persons

The Company is an equal opportunity employer. It gives access to employment opportunities and ensures that the best available person is appointed to any given position free of discrimination of any kind and without regard to origin, gender, marital status, tribe and religion.

It is also a policy of the Company to give equal opportunities to disabled persons for vacancies that do not impair their ability to discharge their duties.

17. CORPORATE GOVERNANCE

a. Code of Corporate Practice and Conduct

TPCC is committed to the principles of effective corporate governance and the Board is of the opinion that the Company complies with principles of good Corporate Governance as required by the Stock Exchange Regulations.

b. The Board of Directors

The Board currently comprises six directors; five Non-Executive Directors and the Managing Director. The roles of Chairman and Managing Director are separate. The Board is responsible to shareholders for the overall management of the Company, for setting strategy and policies, monitoring of operational performance, risk management processes and setting of authority levels. The Board met 3 times in 2015 (2014: 3 times).

c. The Audit Committee

The Board is assisted in the discharge of its responsibilities related to financial reporting, compliance, risk management, accounting and information systems management by the Audit Committee. The Audit Committee is chaired by one of the Non-Executive Directors. Meetings are held throughout the year and are attended by senior management and the Company's auditors where necessary. The Audit Committee met 3 times in 2015 (2014: 3 times).

d. Performance evaluation and reward

The Company has implemented an evaluation and bonus system for its managers and employees. Rewards in the form of yearly bonuses are linked to the Company's financial performance as well as individually set performance targets.

e. Risk management and internal control

The Company's organisation includes an internal audit function. The Internal Auditor is responsible for establishing and implementing a yearly internal audit plan whereby compliance with policies and procedures, the adequacy of internal controls and risk management, and the potential for improvements are assessed. In addition, the Company benefits from regular reviews by the internal audit team of the main shareholder.

f. Business ethics and organizational integrity

The issues of good governance and ethical conduct are critical to counterparty and investor perceptions of a listed Company. The Company strives to ensure that its integrity and professional conduct is beyond reproach at all times. The Company has developed ethical guidelines for its employees in order to limit the cost of unethical behaviour to its stakeholders. The Company has adopted the main shareholder's business code of conducts and anti-corruption guidelines. Hence every employee has signed a declaration to comply with these rules.

g. Management reporting, financial reporting and auditing

The Company has established management reporting procedures which include the preparation of annual strategic plans and budgets. Actual results are reported monthly against approved budgets and forecasts, and compared to the prior year. Financial reporting is done according to International Financial Reporting Standards (IFRS) and published twice yearly in accordance with the requirements of the Dar es Salaam Stock Exchange. The accounts for each financial year are audited by the Company's external auditors.

18. RISK MANAGEMENT

The Board has the final responsibility for the risk management and internal control systems of the Company. The Board has tasked the management to ensure adequate internal financial and operational control systems are developed, maintained and functional on an on-going basis in order to provide reasonable assurance on the effectiveness and efficiency of operations.

This will ensure that:

- The Company's assets are safeguarded;
- Compliance with the applicable laws and regulations;
- Reliability of the accounting records;
- Business sustainability; and
- Responsible behaviour towards all stakeholders.

The Company utilises the Company's financial regulations, Group and Company internal audits, Group compliance audits, Group environment and safety audits, Code of business conduct, anti-corruption guidelines,

general macro and micro-economic data, and market surveys to put in place the process for assessing and supervising the internal control and risk management. This position has been strengthened by the Audit Committee which reviews the effectiveness of the risk management system on a regular basis. Risks that may have significant impact on the Company's assets and financial position for the year ended 31 December 2015 are classified as operational risks, market risks and financial risks:

Operational risk

Energy is key in the operational activities of the Company and thus, reliable power and prices represent a considerable risk to the Company. The Company depends heavily on power supply from Tanzania Electric Supply Company Limited (TANESCO). Over the years, the power supply has been erratic and impacted on the Company's capacity to meet its operational objectives. Increases in energy prices significantly affect the cost of production. To ensure reliability and quality of power supply, the Company is planning to develop alternative sources of energy.

The TPCC limestone quarry is the beginning of cement manufacturing process. Limestone with proportionate mix of red soil is converted into raw meal. Finely blended raw meal is then introduced into a cement kilns to produce clinker. Cement grinding is the final stage of the cement manufacturing process. In cement mills, the clinker is grounded into cement, with the addition of gypsum and a filler material (depending on market requirements), such as limestone. The availability of limestone quarries is therefore very important for sustainability and the Company ensures it has adequate limestone deposits.

Building materials are subject to a strict standardisation process. Supply of sub-standard products or products that do not meet customers' requirements may adversely impact the Company's sales volume, Company's reputation, customer relationship and may expose the company to claims and litigations. The Company ensures compliance with the standards at its laboratory and standard certification by the Tanzania Bureau of Standards (TBS) (ISO 9001 Certification).

Market risk

The importation of cement is on the increase and this has negatively affected the local cement manufacturing companies. The Company through the appropriate forums works closely with the Government to ensure a level playing field for competition.

New Cement factories are being erected and some are close to completion. Competition will therefore intensify. TPCC with its cement quality, strong brand, skilled employees and competent management is better placed to meet the competition.

Financial risks

The significant financial risk is currency risk. The Company's functional currency (TZS) is exposed to fluctuation in the international currency market. This exposes the Company to foreign currency exchange risks. Management is constantly monitoring this risk and taking appropriate decisions so that its impact is minimised. More details on foreign currency risk are included in Note 39 to the financial statements.

19. KEY STRENGTHS AND RESOURCES

In pursuit of our objectives, the key strengths and resources (both intangible and tangible) available to the Company are:

Competent Management and Personnel

The most important singular resource of the Company is its human capital. The Company's operations are managed by competent and qualified management team who drive the day to day activities to achieve the Company's objectives. The management team is supported by committed and highly skilled employees who are well experienced in cement technology and industry. The Company employs qualified and competent personnel and also invests in their training.

Strong Brand and Quality Products

Twiga Cement is a well-known cement brand in the market and synonymous of high quality. The brand and quality of TPCC products give to the Company competitive advantage in the market. To meet the quality demand of the market, the Company produces three cement products i.e., OPC 42.5N (for the purpose of bulk delivery and is used for the professional market in construction of bridges and high rise buildings), Twiga Plus and Twiga Extra.

Strong Distribution Network

With well-defined, diversified distribution network and the fleet of trucks owned by the distributors of the Company, our products can reach remote parts of the country. The Company also exports its products to various countries in the Central and East Africa Sub-Region.

Market Position

Twiga Cement is the preferred brand in the market and thus places TPCC as the market leader. TPCC's market leadership is reinforced by the close proximity to the main Dar es Salaam market.

Technical Support

HeidelbergCement AG, which is the ultimate Holding Company, is the global market leader in aggregates and a prominent player in the fields of cement, concrete and other related downstream activities, making it one of the world's largest manufacturers of building materials. TPCC benefits from worldwide technical support in cement business.

Technology and Machinery

The Company will continue to invest in modern technology; this includes the recent expansion of cement grinding capacity (CM5) and clinker storage as well as planned revamping of CM3 in 2016.

High Quality Limestone Reserves

Limestone is the main material in cement production; the Company has adequate reserves for the cement production capacity.

19. POLITICAL AND CHARITABLE DONATIONS

During the year under review, the Company made donations and other contributions of a charitable nature valued at about TZS 37mn (2014: TZS 130mn). There were no political donations.

Besides the donations, the Company has also been involved in Corporate Social Responsibility, targeting women, health care, education and children. The total contributions were TZS 302mn (2014: TZS 262mn).

20. DIVIDENDS

The Directors recommend payment of TZS 55.06bn (TZS 306 per share) to shareholders as final dividend for 2015. The proposed dividend includes first interim dividend of TZS 17.09bn (TZS 95 per share) paid in October 2015 and second interim dividend of TZS 19.97bn (TZS 111 per share) paid in February 2016 (The total dividend for 2014 was TZS 48.04bn (TZS 267 per share) including an interim dividend of TZS 12.59bn (TZS 70 per share) paid in October 2014). In making this proposal the Directors have taken

into account the financial situation of the Company and its future needs for implementing replacement and improvement projects. The recommended dividend for 2015 is an increase of 14% compared to the previous year's amount. Total dividend represents 98% of the net profit after tax for the year.

21. SUBSEQUENT EVENTS

There are no subsequent events that have occurred, which could materially affect the financial statements, and should be disclosed or adjusted for in the financial statements.

22. RELATED PARTY TRANSACTIONS

The ultimate Parent Company of TPCC is HeidelbergCement AG, a Company listed on the Frankfurt Stock Exchange in the Federal Republic of Germany. HeidelbergCement AG owns indirectly 93.94% of Scancem International DA of Norway, which in turn owns 69.25% of the TPCC shares.

The Company imports raw materials, spare parts and consumables at arms-length basis from Scancem International DA. Details of related party transactions are shown in Note 29 of the financial statements.

23. SHARE CAPITAL

The total issued share capital of the Company amounts to 179,923,100 ordinary shares (2014: 179,923,100 ordinary shares). There is no change in the issued share capital.

The shareholding of the Company is as stated below:

Name	2015 %	2014 %
Scancem International DA	69.25	69.25
General Public	30.45	30.45
Wazo Hill Saving and Credit Cooperative Society	0.30	0.30
	100.00	100.00

24. ACCOUNTING POLICIES

The financial statements are prepared on the underlying assumptions of a going concern. The accounting policies which are laid out in Note 4 to the financial statements are subject to annual review to ensure continuing compliance with International Financial Reporting Standards.

25. SHAREHOLDERS OF THE COMPANY

The total number of shareholders as at 31 December 2015 was 9,440 shareholders (2014: 9,501 shareholders). The following were the ten largest shareholders of the Company:

Name	Nationality	2015 %	2014 %
Scancem International DA	Norwegian	69.25	69.25
Parastatal Pension Fund	Tanzanian	5.42	5.42
Public Service Pension Fund	Tanzanian	2.69	2.69
National Social Security Fund	Tanzanian	1.24	1.24
Sajjad F. Rajabali	Tanzanian	0.96	1.22
Aunali F. Rajabali	Tanzanian	0.95	1.35
SCBT nominees SCB Consumer Banking	Tanzanian	0.95	2.02
Murtaza Basheer Nasser	Tanzanian	0.90	0.89
Umoja Unit Trust Scheme	Tanzanian	0.76	0.76
Sayed H. Kadri/Basharat Kadro/ Mehboob			
Kadri/Khalid/Muzammil Kadri	Tanzanian	0.57	0.51

26. STOCK EXCHANGE INFORMATION

On 29 September 2006, the Company went public and its shares started to trade at the Dar es Salaam Stock Exchange. During the year 2015 shares of the Company were continuously traded in the secondary market through auctions organised by Dar es Salaam Stock Exchange (DSE). In the year 2015 the performance of the Company's shares in the secondary market was as follows: Market capitalisation as at 31 December 2015 was TZS 539.77bn (2014: TZS 719.69bn). The share price prevailing as at 31 December 2015 was TZS 3,000 per share, below from TZS 4,000 one year earlier (IPO price was TZS 435 per share).

27. AUDITORS

Ernst & Young were the Company's auditors for the year 2015. They have expressed their willingness to continue as auditors and are eligible for reappointment. A resolution proposing the re-appointment of Ernst & Young as auditors of the Company for the year 2016 will be put to the Annual General Meeting.

By order of the Board

Approved by the Board of Directors on 8 April 2016 and signed on its behalf by:



Name: **Alfonso Rodriguez**
Title: **Director**



Name: **George Fumbuka**
Title: **Director**

Wakurugenzi wanayo furaha kuwasilisha taarifa yao pamoja na hesabu zilizokaguliwa za kampuni ya Tanzania Portland Cement Company Limited kwa mwaka ulioishia 31 Desemba 2015.

1. SHUGHULI KUU

Shughuli kuu ya kampuni ni uzalishaji na uuzaji wa saruji na kokoto.

2. MAONO YA KAMPUNI

Kujenga chapa imara, kuwa kinara katika soko na kuwa chaguo la kwanza kwa wateja wa saruji.

3. MWONGOZO WA KAMPUNI

Kuwaridhisha wateja kwa kuwapa bidhaa na huduma zenye ubora wa kiwango cha juu kwa gharama nafuu.

4. SERA YA UBORA

Tunafanikiwa pale wateja wetu wanapofanikiwa. Kampuni ya Saruji Tanzania (TPCC) inachangia mafanikio kwa kuwapa wateja wake bidhaa wanazozihitaji. Tunajitahidi kufikia matarajio ya wateja wetu kwa kuhakikisha ubora wa bidhaa zetu uko katika viwango vinavyohitajika na uboreshwaji wa huduma zetu unakuwa endelevu. Ni lengo kuu la kila mfanyakazi kuifanya TPCC na chapa 'Twiga Cement' jina maarufu kwa saruji bora. Fursa hii inaturuhusu kufikia uongozi katika soko.

5. WAKURUGENZI

Wajumbe wa Bodi ya Wakurugenzi kwa wakati huu ambao wamekuwa wajumbe katika kipindi chote cha mwaka 2015 isipokuwa inapoonyeshwa vinginevyo ni hawa:

Jina	Wadhifa	Utaifa	Umri	Sifa
Bw. Jean-Marc Junon	Mwenyekiti	Mfaransa	59	BSc (Civil Eng)
Bw. Gary Whitehead	Mkurugenzi	Mwingereza	45	FCCA
Bw. Alfonso Rodriguez	Mkurugenzi	Mhispania	46	MBA
Bw. George Fumbuka	Mkurugenzi	Mtanzania	62	MBA, FCCA
Bw. Daniel Gauthier	Mkurugenzi	Mbeligiji	58	BSc (Mining), MBA (Arne- Jørg Selen – Alternate to Daniel Gauthier)
Bw. Joseph Rugumyamheto	Mkurugenzi	Mtanzania	69	BA (Econs & Mgt), MA

Wajumbe wote wa Bodi siyo watendaji katika Kampuni, isipokuwa Bw. Alfonso Rodriguez, ambaye ni Mkurugenzi Mtendaji.

6. KAMATI YA UKAGUZI

Wajumbe wa Kamati ya Ukaguzi waliotumikia Kampuni katika mwaka huu wa fedha walikuwa

Jina	Utaifa	Sifa
Gary Whitehead	Mwingereza	FCCA
Mr. George Fumbuka	Mtanzania	MBA, FCCA
Mr. Arne- Jørg Selen	Mnorwei	MBA, LLB

7. WAKURUGENZI WANAHISA

	Idadi ya Hisa	
	2015	2014
Bw. Joseph Rugumyamheto	51,000	55,600

8. MALIPO YA WAKURUGENZI

Kampuni ililipa jumya ya TZS 94.6mn (2014: TZS 74.9mn) kwa huduma zilizotolewa na wakurugenzi na Wajumbe wa Kamati ya Ukaguzi.

9. UONGOZI WA KAMPUNI

Safu ya uongozi wa kampuni kwa mwaka ulioishia 31 Desemba 2015 ilikua kama ifuatavyo:

Jina	Cheo
Alfonso Rodriguez	Mkurugenzi Mtendaji
Ignatius Asare (Juni 2015)	Mkurugenzi Fedha na Utawala (hadi to 30 Juni 2015)
Luis Llimos	Mkurugenzi Fedha (kuanzia 1 Julai 2015)
Jayne Nyimbo-Taylor 2015)	Mkurugenzi Rasilimali Watu (hadi 28 Aprili 2015)
Jesse Shuma (Novemba 2015)	Mkurugenzi Rasilimali Watu (kuanzia 01 Novemba 2015)
Simon Delens	Mkurugenzi Mauzo na Masoko
Tom Dijkstra	Meneja Mitambo
Evaritha Tenson	Meneja Manunuzi (hadi 30 Juni 2015)
Peter Mohamed	Meneja Manunuzi (kuanzia 1 Julai 2015)
Richard Magoda	Meneja Mazingira
Alfred Anthony (Novemba 2015)	Meneja Afya na Usalama (hadi 30 Novemba 2015)
Jerome Mwakabanga	Meneja Afya na Usalama (kuanzia 1 Desemba 2015)

10. TATHMINI YA BIASHARA

Usambazaji wa saruji kwa mwaka 2015 ulipanda kwa asilimia ishirini na mbili (22%) ikilinganishwa na mwaka 2014. Mauzo yaliongezeka kwa asilimia kumi na nane (18%) kufikia TZS 287.9 bilioni (2014: TZS 243.3 bilioni). Kuongezeka kwa usambazaji na mauzo ya saruji kulichangiwa na ufanisi mkubwa katika uzalishaji, kufunguliwa kwa kinu kipya cha kusaga saruji, ongezeko la wasambazaji wasaruji na mchanganyiko mzuri wa bidhaa kwa ajili ya wateja wetu.

Kampuni ilipata faida ya undeshaji ya TZS 73.9 bilioni ikilinganishwa na TZS 75.6 bilioni mwaka 2014, ikiwa ni punguzo la asilimia mbili (2%). Faida kabla ya kodi iliongezeka kutoka TZS 79.0 bilioni mwaka 2014 hadi kufikia TZS 80.9 billion mwaka 2015.

Baada ya kukokotoa kodi kiasi cha of TZS 24.8 bilioni (2014: TZS 24.5 bilioni), faida iliyobaki ilikuwa TZS 56.2 bilioni (2014: TZS 54.5 bilioni). Jumla kuu ya mapato ilifikia TZS 55.7 bilioni (2014: TZS 53.6 bilioni).

Hali halisi ya mwenendo wa kibiashara unaoneshwa katika ukurasa wa 38 wa Ripoti ya mwaka.

11. MATARAJIO YA KAMPUNI KWA SIKU ZIJAZO

Mahitaji ya saruji nchini na eneo lote la Afrika Mashariki yamekuwa yakiongezeka kwa miaka ya hivi karibuni. Baada ya kuwekeza kwenye upanuzi wa uzalishaji, ukarabati wa matanuru ya zamani pamoja na upatikanaji mzuri wa malighafi na nishati, wakurugenzi wanaamini kwamba Kampuni iko katika nafasi nzuri ya kukidhi mahitaji hayo yanayoongezeka.

Mradi wa gesi

Kampuni inatathmini uwezekano wa kuzalisha umeme wa uhakika ambao utapelekea Kampuni kuendesha shughuli zake kwa ufanisi zaidi. Kampuni inafanya mazungumzo na makampuni mengine kujenga na kuendesha mtambo wa kuzalisha nishati ya umeme kiwandani (TPCC) chini ya makubaliano ya Ununuzi wa Nishati (PPA). Mradi utakapokamilika Kampuni itakuwa na uhakika wa nishati ya umeme, kuweza kukidhi mahitaji ya uzalishaji. Mahitaji ya sasa yanakadiriwa kufikia 32MW, hivyo mradi wa gesi utawezesha kukidhi mahitaji ya ziada ya nishati ya umeme na kutatua tatizo la mgao wa umeme. Maamuzi ya mwisho na muundo wa mradi utakamilika mwaka 2016.

12. UWEZO WA KULIPA

The Wakurugenzi wamefanya tathmini ya kina juu ya hali ya kifedha ya Kampuni ikiwa ni pamoja na madeni ya muda mrefu na muda mfupi. Kutokana na tathmini hii na kwa kuzingatia mpango wa biashara uliopo, Wakurugenzi wameridhika kwamba Kampuni ina uwezo wa kuendesha shughuli zake bila matatizo yoyote kulingana na sheria ya Makampuni ya 2002, na kanuni za kimataifa za uhasibu (IFRS).

13. MPANGO WA UDHIBITI WA MAZINGIRA

Uboreshaji wa Machimbo

Shughuli za uchimbaji zinaweza kua na athari kwenye mazingira ikizingitia

udongo hutolewa na mwonekano wa ardhi unabadilika au vyanzo vya maji vinaweza kuharibiwa. Wakati au baada ya kuchimba, uboreshaji wa mandhari ya ardhi iliyochimbwa hufanyika na kuhakikisha maisha ya viumbe hai yanatunzwa na hata kuimarishwa. Uboreshaji wa mazingira unategemea sana hali ya viumbe hai, ushirikiano na watu mbalimbali, wataalamu na motisha ya kampuni.

Sambamba na hapo juu, sera ya mazingira ya Kampuni inatia mkazo zaidi katika kutunza asili ya machimbo, TPCC inaonyesha dhamira yake katika kuboresha mazingira ya machimbo. Takribani hekta kumi na mbili nukta tano (12.5) za machimbo zilipandwa miti kufikia 31 Desemba 2015. Kwa upande mwingine, vitalu 183,459 vilikua vimeshapandwa (2014: 134,244). Mwaka 2015 miche ya miti iliyopandwa ilikuwa 47,253 yenye uwezekano wa kuishi kwa 88.04% (2014: miche 35,181 yenye uwezekano wa kuishi kwa 85.40%). Mwaka ulioishia Desemba 2015 miti 39,794 (2014: miti 27,593) iligawiwa kwa wadau mbalimbali wa kampuni.

TPCC inaelewa wajibu wake kwa wakazi na jamii nzima na fursa ya kukuza faida za kufanya shughuli za uchimbaji mawe. Tangia mwanzo wa mradi, TPCC imefanya matukio kumi na sita (16) rasmi ya kujenga ufahamu na uwezo kwa wageni, hasa kwa vikundi vya vijana na wanafunzi kwa kuamini kwamba kupitia Elimu ya Mazingira kwa wanafunzi inaweza kua kichocho cha mabadiliko na maamuzi chanya ya baadae katika matumizi bora ya mazingira.

ISO 14001:2004 (Mfumo wa Udhiditi Mazingira)

TPCC imeendelea kuzingatia masharti ya kiwango cha kimataifa cha ubora wa mazingira ISO 14001. Kampuni inaendelea kuboresha mfumo wake wa uhifadhi wa mazingira kwa kwenda sambamba na maendeleo ya uhifadhi mazingira na malengo iliyojiwekea. Ukaguzi wa kuhakikisha masharti ya viwango vya kimataifa vya mzingira unategemea kufanyika nusu ya kwanza ya mwaka 2016.

Upimaji wa Uchafuzi wa Hewa

Upimaji wa kiwango cha uchafuzi unategemewa kufanyika mwezi Machi 2016, upimaji wa mwisho ulifanyika mwezi Machi 2015 kwa matanuru yote yanayozalisha. Uongozi umetekeleza upimaji wa uchafuzi wa hewa kuhakikisha inakidhi viwango vilivyowekwa na Tanzania pamoja na vile vya kimataifa vya IFC/Benki ya Dunia kwa uchafuzi wa hewa.

14. AFYA NA USALAMA

Kwa TPCC, afya na usalama vinaendelea kupewa kipaumbele. Pamoja na uboreshaji endelevu wa viwango vya usalama kwenye kampuni, tumeongeza nguvu zaidi mwaka 2015 kuwaelimisha wafanyakazi wote, makandarasi na kampuni za usafirishaji juu ya kuwa na utamaduni wa usalama. Kampuni inatekeleza mfumo wa kuratibu masuala ya afya na usalama mahali pa kazi (OHSMS) kama sehemu ya mkakati wa kudhibiti vihatarishi na ina cheti cha kiwango cha OHSAS 18001:2007. Mfumo wa utaratibu wa menejimenti ya kazi unaoendana na kiwango cha kimataifa cha OHSAS 18001:2007, unahitaji mpango madhubuti, sheria bora za kazi, majukumu na udhibiti ili kuhakikisha maboresho endelevu.

Menejimenti itaendelea kuweka msisitizo kwenye afya na usalama wa wafanyakazi na watoa huduma kwa kukazia kutokuwepo kwa upotevu wa muda utokanao na ajali na pia kutokuwepo vifo vitokanavyo na ajali.

15. MATUKIO MAKUU

- a. Kuunganishwa kwa mfumo mpya wa kihisibu (Infor Sun System) na mfumo ulioboreshwa wa Enterprise Asset Management”(EAM) kipindi cha robo ya mwisho wa mwaka
- b. Mauzo ya chokaa - Mkataba wa manunuzi kati ya TPCC na Prison Corporate Sole (PCS) kwa ajili ya kuchimba mawe ya chokaa ulisahiniwa Desemba mwaka 2014. Shughuli za uchimbaji katika machimbo ya Prison zilianza mwaka 2015. Chini ya makubaliano ya ushirikiano kati ya sekta za umma na binafsi (PPP), TPCC imehakikishiwa kupata chokaa yenye kiwango cha juu kwa ajili ya uzalishaji wa saruji. Hivyo kampuni imejihakikishia upatikanaji endelevu wa malighafi na kuimarisha shughuli za uzalishaji siku zijazo.
- c. Baada ya kampuni kushinda kesi dhidi ya wavamizi 933 wa eneo lake Mwezi Oktoba 2006, mchakato wa rufaa ulihitimishwa mwaka 2010 na Kampuni kupata ushindi. Hatua za kuwaondoa wavamizi hao na kurejesha maeneo waliyovamia zinaendelezwa na Kampuni ikishirikiana na Serikali.

16. USTAWI WA WAFANYAKAZI

- a. **Uhusiano Kati ya Uongozi na Wafanyakazi**
Uhusiano kati ya wafanyakazi na uongozi uliendelea vizuri kwa

mwaka ulioishia tarehe 31 Desemba 2015. Hapakuwa na malalamiko yoyote kutoka kwa wafanyakazi ambayo hayakutatuliwa mwaka huo. Uhusiano mzuri kati ya uongozi na chama cha wafanyakazi unaendelea. Uhusiano kati ya uongozi na wafanyakazi unasimamiwa na mkataba wa hiari baina ya Kampuni na Chama cha Wafanyakazi wa Viwanda na Biashara (TUICO). Majadiliano ya mkataba mpya wa 2015-2016 yalimalizika mwezi Mei 2015.

b. Idadi ya Wafanyakazi na Uwiano wa Kijinsia

Kampuni ilikuwa na jumla ya wafanyakazi 313, wanawake 32 na wanaume 281 (2014: Jumla 318; wanawake 34 na wanaume 284)

c. Huduma ya Matibabu

Huduma za matibabu hutolewa bure kwa wafanyakazi na familia zao.

d. Usalama kiwandani

Kampuni ina idara thabiti ya Afya na Usalama ambayo inahakikisha inajengeka tabia ya kuhakikisha usalama sehemu za kazi. Kampuni ina vitendea kazi na vifaa kulingana na matakwa ya sheria ya afya na usalama sehemu ya kazi, 2003 na sheria zingine zinazohusu usalama viwandani.

e. Mafunzo

Kampuni imewekeza katika kuendeleza wafanyakazi wake ikiwa pamoja na kuajiri na kutoa mafunzo kwa watu wenye sifa. Utaalamu wa kiufundi na utawala ni muhimu katika kuhakikisha usimamiaji wa shughuli za kiwanda kwa kutumia teknolojia sahihi.

Mwaka huu tulielekeza nguvu zetu katika afya na usalama mahali pa kazi, kufuata miongozo ya kampuni mama, usimamiaji wa fedha, ubora na kuendeleza viongozi.

Kampuni ilishirikiana na Mamlaka ya Vyuo vya Ufundi Stadi (VETA) katika kutengeneza mtaala wa majaribio kwa mafundi umeme. Baadhi ya wafanyakazi wa Kampuni wameingizwa katika mpango huu wa miaka miwili ili kuongeza ujuzi wao.

f. Mishahara

Viwango vya mishahara ya wafanyakazi hurekebishwa kila mwaka kwa kuzingatia uwezo wa kifedha baada ya majadiliano kati ya TUICO na uongozi wa Kampuni. Viwango vya mishahara ya mwaka 2015

vilikubaliwa mwezi Aprili 2015 (viwango vya mishahara vya 2014 vilikubaliwa mwezi Februari 2014). Katika mwaka husika, wafanyakazi wote wa mikataba walikuwa na mishahara isiyopungua TZS 7.8 milioni kwa mwaka au zaidi.

Baadhi ya wafanyakazi ni wanachama wa Mfuko wa Pensheni wa Mashirika ya Umma (PPF) wakati wengine ni wanachama wa Mfuko wa Hifadhi ya Jamii (NSSF). Kampuni huchangia 15% ya mishahara kwa kila mwanachama wa PPF na 10% ya jumla ya mishahara na marupurupu mengine kwa wale wanachama wa NSSF. Pamoja na kuchangia kwenye mifuko hii miwili, upo mpango wa tatu wa pensheni kwa ajili ya kuboresha mafao ya uzeeni ya wafanyakazi wote ambao Kampuni huchangia 10% ya mishahara wa kila mfanyakazi.

g. Fursa Sawa na Watu Wenye Ulemavu

Sera ya Kampuni ni kutoa fursa sawa za ajira kwa watu wote. Kampuni hutoa fursa za ajira kwa watu wote bila ubaguzi wa aina yoyote na bila upendeleo wa kijinsia, kabila, dini, kuoa au kuolewa. Pia Kampuni hutoa fursa sawa kwa watu wenye ulemavu kujaza nafasi za kazi ili mradi ulemavu hauwi kikwazo katika utekelezaji wa majukumu yanayoaambatana na nafasi husika.

17. UTAWALA BORA

a. Kanuni za utawala Bora

Kampuni inafuata kanuni za utawala bora na Bodi inaona kwamba Kampuni inatimiza kanuni za utawala bora kama zilivyoainishwa na Soko la Hisa na Mitaji.

b. Bodi ya Wakurugenzi

Kwa sasa, Bodi ina wakurugenzi sita; watano wasio watendaji na Mkurugenzi Mtendaji. Kazi za Mwenyekiti na Mkurugenzi Mtendaji zimetenganishwa. Bodi inawajibika kwa wanahisa kwa uongozi wa jumla wa Kampuni, kuweka mikakati na sera, kufuatilia ufanisi wa uendeshaji, usimamizi wa maeneo hatarishi na kuweka ngazi za madaraka. katika mwaka huu wa fedha, Bodi ilikutana mara tatu 2015 (2014: mara tatu)

c. Kamati ya Ukaguzi

Katika kutekeleza majukumu yake kuhusiana na kutoa taarifa za fedha, utekelezaji wa matakwa mbalimbali, udhibiti wa maeneo hatarishi,

mifumo ya kihisibu na mfumo wa usimamizi wa habari (MIS), Bodi inasaidiwa na Kamati ya Ukaguzi. Kamati hiyo inaongozwa na mmoja wa wakurugenzi wasio watendaji. Mikutano wa kamati inafanyika mara kadhaa na inahudhuriwa na viongozi waandamizi na wakaguzi wa mahesabu wa Kampuni inapobidi. Katika mwaka huu wa fedha, Kamati ya Ukaguzi ilikutana mara tatu (2014: mara tatu).

d. Tathmini ya ufanisi wa kazi na tuzo

Kampuni ina mfumo wa tathmini ya kazi na malipo ya bonasi kwa mameneja wake na wafanyakazi. Tuzo kwa namna ya bonasi za mwaka zinategemea ufanisi wa Kampuni na ufanisi wa mfanyakazi kulingana na malengo yaliyowekwa.

e. Udhhibiti wa maeneo hatarishi na udhibiti wa ndani

Muundo wa Kampuni unajumuisha idara ya ukaguzi wa ndani. Mkaguzi wa ndani anawajibika kutayarisha na kutekeleza mpango wa ukaguzi wa ndani ambao utatathmini kama Kampuni inatekeleza sera na utaratibu, utoshelevu wa udhibiti wa ndani, usimamizi wa maeneo hatarishi na uwezekano wa kuboresha utendaji. Pia Kampuni inafaidika na ukaguzi wa ndani unaofanywa mara kwa mara na wakaguzi wa kutoka kwa mwanahisa mkuu.

f. Maadili ya biashara na ukamilifu wa muundo

Suala la utawala bora na uadilifu ni muhimu kudhihirika kwa wadau na wanahisa kwa kampuni iliyoorodheshwa kwenye soko la hisa. Kampuni inajitahidi kuhakikisha kwamba maadili na mienendo ya kitalaamu vinazingatiwa wakati wote. Kampuni imetayarisha miongozo ya maadili kwa wafanyakazi wake ili kupunguza madhara yatokanayo na ukiukwaji wake. Kampuni inafuata miongozo ya maadili ya biashara ya Kampuni Mama kwa hiyo kila mfanyakazi amesaini tamko la kukubaliana na miongozo hii.

g. Kutoa taarifa za uongozi, taarifa za fedha na ukaguzi

Kampuni imeandaa utaratibu wa kutoa taarifa za uongozi ambazo zinajumuisha uandaaji mipango mkakati na bajeti za mwaka. Taarifa halisi za fedha hutolewa kila mwezi zikilinganishwa na bajeti, makisio na mwaka uliopita. Taarifa za fedha hutolewa kulingana na kanuni za kimataifa za utoaji taarifa za fedha (IFRS) na huchapishwa mara mbili kwa mwaka kulingana na taratibu za Soko la hisa la Dar es Salaam. Hesabu za kila mwaka wa fedha hukaguliwa na wakaguzi wa kujitegemea.

18. UDHIBITI WA MAENEO HATARISHI

Bodi ina wajibu wa mwisho wa kuweka mifumo ya udhibiti ya ndani na maeneo hatarishi kwa Kampuni. Bodi imeupa uongozi wa Kampuni jukumu la kuweka, kusimamia na kuendeleza mifumo thabiti ya udhibiti wa fedha na uendeshaji ili kuhakikisha kunakuwepo ufanisi katika uendashaji wa shughuli za Kampuni muda wote. Hii itahakikisha:

- Rasilimali za Kampuni zinasimamiwa na kulindwa;
- Sheria na kanuni zilizowekwa zinafuatawa;
- Ubora wa kumbukumbu na nyaraka za kihisibu;
- Shughuli endelevu za kibiashara; na
- Tabia ya uwajibikaji kwa wadau wote wa Kampuni.

Kampuni hutumia miongozo ya fedha, ukaguzi wa ndani na kaguzi mbalimbali za mambo ya mazingira na usalama, mienendo ya biashara, miongozo dhidi ya rushwa, takwimu za kiuchumi na masoko kwa ajili ya kutathmini na kusimamia udhibiti wa ndani na maeneo hatarishi. Eneo hili limeongezewa nguvu na uwepo wa Kamati ya Ukaguzi ambayo huangalia mara kwa mara ufanisi wa mfumo mzima wa kudhibiti maeneo hatarishi. Maeneo hatarishi ambayo yanaweza kuwa na athari kubwa kwa rasilimali za Kampuni kwa kipindi kilichoishia 31 Desemba 2015 yamegawanywa katika maeneo ya uendeshaji, masoko na mambo ya fedha kama ifuatavyo:

Maeneo ya hatarishi ya uendeshaji

Nishati ni muhimu sana katika uendeshaji wa shughuli za Kampuni. Kwa hiyo, upatikanaji na bei ya nishati vinaweza kuwa na athari kubwa kwa Kampuni. Kwa miaka yote Kampuni imekuwa ikitegemea nishati ya umeme kutoka katika Shirika la Ugavi wa Umeme Tanzania (TANESCO). Upatikanaji wa umeme huu kwa mara zote umekuwa wa kukatikakatika na hivyo kuifanya Kampuni kutofikia malengo yake ya uzalishaji. Kupanda kwa bei za nishati nako kunasababisha gharama za uzalishaji kuwa juu. . Kutokana na athari hizo, Kampuni ina mpango wa kuwekeza katika nishati mbadala ili kuhakikisha kuwa kunakuwa na ugavi wa uhakika wa nishati ya umeme kukidhi mahitaji ya kiwanda.

Uzalishaji wa saruji huanzia katika machimbo ya mawe ya chokaa yanayomilikiwa na Kampuni. Upatikanaji wa machimbo ya mawe ya chokaa ni muhimu katika kuhakikisha shughuli za uzalishaji wa saruji unakuwa endelevu. Kampuni imejitatiti katika kuhakikisha uwepo wa mawe ya chokaa ya kutosha. Vifaa vya ujenzi hupitia mchakato thabiti wa viwango.

Usambazaji bidhaa za viwango duni au ambazo hazikidhi matakwa ya wateja unaweza kuathiri mauzo ya Kampuni, sifa ya Kampuni, mahusiano na wateja na pia inaweza kusababisha fidia na mashtaka dhidi ya Kampuni. Kuepukana na athari hizo, Kampuni inahakikisha kwamba inazalisha saruji inayofikia viwango vinavyokubalika kupitia maabara zake na hatimaye kuthibitishwa na Mamlaka ya Viwango Tanzania (TBS).

Maeneo ya hatarishi katika soko

Uingizwaji wa saruji kutoka nje ya nchi umeathiri kwa kiasi kikubwa wazalishaji wa ndani wa saruji. Kwa kupitia majukwaa husika Kampuni inapigania ushindani sawa kwa wote.

Viwanda vipya vya saruji vinajengwa na baadhi vinakaribia kukamilika. Hii inategemea kuleta ushindani mkubwa katika soko. Katika kukabiliana na ushindani huu, Kampuni inajivunia ubora wa bidhaa zake, utaalamu na uwezo wa wafanyakazi na uongozi bora.

Maeneo ya hatarishi katika masuala ya fedha

Athari kubwa kwa upande wa fedha zinaweza kuletwa na thamani ya sarafu. Kampuni hufanya biashara kutumia sarafu ya Tanzania ambayo thamani yake imekuwa ikishuka dhidi ya sarafu kuu za kimataifa. Hii inaweza kusababisha Kampuni kupata hasara itokanayo na ubadilishaji wa fedha za kigeni. Uongozi wa Kampuni hufuatilia kwa umakini thamani ya sarafu ya Tanzania na kuchukua maamuzi sahihi pale inapohitajika ili kupunguza athari zitokanazo na ubadilishaji wa fedha. Rejea aya ya 39 ya taarifa ya hesabu.

19. UWEZO NA RASILIMALI ZA KAMPUNI

Ili kufikia malengo yetu, Kampuni hutegemea rasilimali (zinazoonekana na zisizoonekana) kama ifuatavyo:

Uwezo wa Uongozi na Wafanyakazi

Rasilimali watu ni kati ya rasilimali muhimu sana kwa Kampuni. Uendeshaji wa Kampuni husimamiwa na timu iliyohitimu na yenye uzoefu wa kuendesha shughuli za kila siku ili kuweza kufikia malengo ya Kampuni. Timu hii ya uongozi inasaidiwa na wafanyakazi wenye uzoefu kwenye teknolojia ya saruji. Kampuni huajiri waliohitimu na wenye uzoefu wa kutosha na pia imewekeza katika kutoa mafunzo kwa wafanyakazi wake.

Ubora wa Bidhaa

Saruji chapa Twiga (Twiga Cement) inajulikana sana katika soko na umaarufu wake unatokana na ubora wake. Taswira na ubora wa bidhaa zetu vinatupa fursa nzuri kwenye soko. Ili kukidhi matakwa ya viwango vya ubora katika soko la saruji, Kampuni inatengeneza saruji ya OPC 42.5N maalum kwa ajili ya ujenzi wa madaraja na maghorofa.

Mtandao Imara wa Usambazaji

Bidhaa zetu zimeweza kufika sehemu nyingi nchini kutokana na mtandao madhubuti wa usambazaji na uwepo wa magari yanayomilikiwa na wasambazaji wetu. Kampuni pia huuza saruji katika baadhi ya nchi za jirani.

Nafasi katika Soko

Saruji ya Twiga ni bidhaa inayopendwa na hii inafanya Kampuni kushika uongozi katika soko la saruji. Nafasi yetu ya uongozi katika soko inatiwa msukumo na kuwa karibu na soko kuu la saruji la Dar es Salaam.

Msaada wa Kiufundi

Kampuni Mama HeidelbergCement AG, inaongoza katika soko la kokoto duniani na ni mdau mkubwa katika uzalishaji wa saruji, zege na shughuli nyinginezo zinazohusiana na hizi. Hii inaifanya HeidelbergCement AG kuwa kati ya watengenezaji wakubwa wa malighafi za ujenzi. Kampuni inafaidika na huduma bora za kitaalamu na kiufundi kwenye biashara ya saruji na kokoto kutoka HeidelbergCement AG.

Teknolojia na Mitambo

Kampuni itaendelea kuwekeza kwenye teknolojia ya kisasa ikiwa pamoja na mradi unaondelea wa kuongeza uwezo wa uzalishaji wa vinu vya kusaga saruji (CM5) sambamba na mpango wa kufufua kinu namba tatu (CM3) mwaka 2016.

Akiba ya chokaa bora

Chokaa ni kati malighafi muhimu katika utengenezaji wa saruji. Kampuni ina akiba ya kutosha ya chokaa kukidhi mahitaji ya utengenezaji wa saruji.

20. MISAADA

Mwaka huu, Kampuni ilitoa misaada na michango ya hisani yenye thamani ya TZS 37 milioni (2014: TZS 130 milioni). Hapakuwa na misaada ya kisiasa. Pamoja na misaada hiyo, Kampuni pia ilijihusisha na uraia mwema ikilenga

wanawake, huduma za afya ,maeneo ya elimu na watoto. Jumla ya TZS 302 milioni (2014: TZS 262 milioni) zilitumika.

21. DIVIDENDS

Wakurugenzi wanapendekeza gawio la TZS 55.06 bilioni (TZS 306/hisa) kwa wanahisa wake kama gawio la mwisho la 2015. Gawio pendekezwa linajumuisha gawio la awali la TZS bilioni 17.09 (TSZ 95/hisa) lililipwa kwa wanahisa mwezi Oktoba 2015 na pia gawio la pili la TZS bilioni 19.97 (TZS 111/hisa) lililipwa mwezi Februari 2016 (Gawio la jumla mwaka 2014 lilikuwa TZS billion 48.04 (TZS 267/hisa) likijumuisha gawio la awali la TZS billion 12.59 (TZS 70/hisa) lililipwa mwezi Oktoba 2014). Pendekezo hili limezingatia hali ya fedha ya kampuni na mahitaji ya baadaye ya miradi ya uboreshaji. Kiwango kilichopendekezwa ni ongezeko la 14% ikilinganishwa na mwaka uliopita na ni 98% ya faida ya mwaka 2015 baada ya kodi.

22. MATUKIO YA BAADAYE

Hapakuwa na matukio ya baadaye ambayo yametokea yanayohitaji kuwekwa wazi au kurekebisha kwenye taarifa za fedha ambayo yangukuwa na athari kubwa kwa taarifa hizo za fedha.

23. SHUGHULI NA BIASHARA NA KAMPUNI ZENYE UHUSIANO

Kampuni mama ya TPCC ni HeidelberCement AG, iliyoorodheshwa kwenye soko la hisa la Frankfurt katika Jamhuri ya nchi ya Ujerumani. HeidelberCement AG inamiliki 93.94% ya Kampuni ya Scancem International DA ya nchini Norway ambayo humiliki 69.25% ya hisa zote za TPCC.

Kampuni huagiza malighafi, vipuri na mahitaji mengine ya uzalishaji kwa bei ambazo hufikiwa kwa misingi ya kawaida ya biashara, kutoka Scancem International DA ambayo inamiliki 69.25% ya hisa zote za Kampuni. Maelezo ya kina ya shughuli zinazofanywa na watu au makampuni yenye uhusiano yako aya ya 29 ya taarifa ya fedha.

24. MTAJI WA HISA

Jumla ya mtaji wa hisa uliotolewa ni hisa za kawaida 179,923,100 (2014: hisa 179,923,100). Hakukuwa na mabadiliko yoyote ya mtaji wa hisa.

Mgawanyo wa hisa za Kampuni mnamo 31 Desemba 2015 ni kama ifuatavyo:

Jina	2015 %	2014 %
Scancem International DA	69.25	69.25
General Public	30.37	30.37
Wazo Hill Saving and Credit Cooperative Society	0.38	0.38
	100.00	100.00

25. SERA ZA UHASIBU

Taarifa za fedha zimetayarishwa kwa kuzingatia kuwa Kampuni itaendelea na shughuli zake kwa vipindi vijavyo. Miongozo ya kihisibu imeainishwa kwenye aya ya 4 ya taarifa ya fedha na huwa inafanyiwa tathmini ya kila mwaka ili kuhakikisha kuwa zinaendana na viwango vya kimataifa vya utoaji wa taarifa za fedha (IFRS).

26. WANAHISA WA KAMPUNI

Idadi ya wanahisa mwaka 2015 ilikuwa 9,440 (2014: wanahisa 9,440). Ifuatayo ni orodha ya wanahisa wakubwa kumi wa Kampuni:

Jina	Utaifa	2015 %	2014 %
Scancem International DA	Mnorwe	69.25	69.25
Parastatal Pension Fund	Mtanzania	5.42	5.42
Public Service Pension Fund	Mtanzania	2.69	2.69
National Social Security Fund	Mtanzania	1.24	1.24
Sajjad F. Rajabali	Mtanzania	0.96	1.22
Aunali F. Rajabali	Mtanzania	0.95	1.35
SCBT nominees SCB Consumer Banking	Mtanzania	0.95	2.02
Murtaza Basheer Nasser	Mtanzania	0.90	0.89
Umoja Unit Trust Scheme	Mtanzania	0.76	0.76
Sayed H. Kadri/Basharat Kadro/Mehboob Kadri/Khalid/Muzammil Kadri	Tanzanian	0.57	0.51

27. **TAARIFA YA SOKO LA MTAJI**

Tarehe 29 Septemba 2006 Kampuni iliorodheshwa katika soko la mitaji na hisa zake kuanza kuuzwa kwenye Soko la Mitaji la Dar es Salaam. Mwaka huu hisa za Kampuni zilifanyiwa biashara wakati wote kwenye minada inayoratibiwa na Soko la Mitaji la Dar es Salaam (DSE). Mwaka 2015, mwenendo wa hisa zetu kwenye soko la mitaji ilikuwa hivi:- Thamani ya Kampuni mnamo 31 Desemba 2015 ilikuwa TZS 539.77 bilioni (2014: TZS 719.69 bilioni). Bei ya hisa mnamo 31 Desemba 2015 ilikuwa TZS 3,000 kwa hisa, ikilinganishwa na bei ya hisa ya TZS 4,000 kwa mwaka 2014 (Bei katika soko la mwanzo ilikuwa TZS 435 kwa hisa).

28. **WAKAGUZI**

Wakaguzi wa Kampuni kwa mwaka 2014 walikuwa Ernst & Young. Wakaguzi wameeleza kuwa wako tayari kuendelea kuwa wakaguzi wetu na wanafaa kuteuliwa tena. Azimio la kuwapendekeza Ernst & Young kuwa wakaguzi wa Kampuni kwa mwaka 2015 litawasilishwa kwenye Mkutano Mkuu wa mwaka.

Imetolewa kwa amri ya Bodi:

Imeidhinishwa na Bodi ya Wakurugenzi 8 April 2016 and na imesainiwa na:



Jina: **Alfonso Rodriguez**
Cheo: **Mkurugenzi**



Jina: **George Fumbuka**
Cheo: **Mkurugenzi**



Roots & Shoots Partnership Project (2015 – 2017)

Mr. Alfonso Rodriguez TPCC Managing Director (right) shakes hands with Mr. Fredrick Kimaro- Executive Director of Jane Goodall Institute (JGI) Tanzania Partnership, during the Contract Signing Ceremony between TPCC and the JGI Tanzania.

TPCC/JGI project started with only eight schools that focused on training teachers and club leaders on Jane Goodall's Roots & Shoots philosophy. Today, the project encompasses 22 schools around the TPCC plant surrounding areas. The project essentially engages Jane Goodall's Roots & Shoots club members, established in the 22 schools, on quarry rehabilitation activities including tree nursery techniques.

Boko Basihaya Drainage Construction site

Under its CSR policy, TPCC continues to support various Educational, Health and Community based organizations to push the Groups CSR Agenda and the Tanzania national development goals.



Tree Planting Activities in TPCC Quarry

During the year 2015, Tree Planting Activities and Educational field trips were organized by TPCC and Roots & Shoots for communities in the nearer surroundings of the Twiga Cement factory. Most of these workshops/trainings were held in the Tree Nursery Facility of the TPCC Quarry within the plant, or in the clubs attending schools. Participating stakeholders are usually School Teachers, Parents, TPCC Employees and Local Authorities. These programs are fully funded by TPCC, for the period 2015-2017.

Roots & Shoots Secondary School club members

Within the surrounding community, TPCC continues supporting orphanage centers with materials, foodstuff and house keeping. In October 2015, TPCC also worked closely with the local authorities on a heavy project to ensure a permanent solution is achieved to assist families living around Boko and Bunju areas, who were affected by heavy rains. The company donated 3,500 Cement Bags to Kinondoni Municipal Council, which went towards the construction of a Water Drainage System from Boko Basihaya and DAWASA Area.



Tree Planting Field training



Roots & Shoots Club Training



Statement Of Directors' Responsibilities

Year ended 31 december 2015

The Tanzanian Companies Act, 2002 requires the Directors to prepare financial statements for each financial period which present fairly, in all material respects, the state of financial affairs of the Company as at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable



Name: **Alfonso Rodriguez**

Title: **Director**

Date: **8 April 2016**

and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Tanzanian Companies Act, 2002. The Directors are of the opinion that the financial statements present fairly, in all material respects, the state of financial affairs of the Company and of its profit.

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 adequate systems of internal financial control.

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.



Name: **George Fumbuka**

Title: **Director**

To the shareholders of

TANZANIA PORTLAND CEMENT COMPANY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Tanzania Portland Cement Company Limited set out on pages 15 to 52, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Tanzanian Companies Act, 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tanzania Portland Cement Company Limited as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and Tanzanian Companies Act, 2002.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

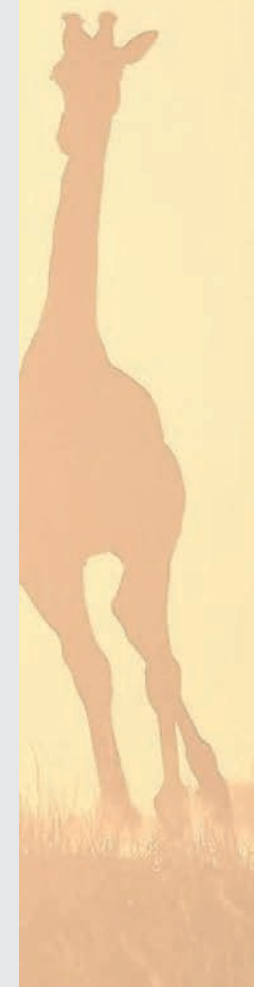
- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
- iii. The directors' report is consistent with the financial statements;
- iv. Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and
- v. The Company's financial statements are in agreement with the books of account.

Ernst & Young

Certified Public Accountants
Dar es Salaam

Signed by: Neema Kiure-Mssusa (Partner)

Date: **8 April 2016**



**Statement of Profit
or Loss and Other
Comprehensive Income**
For the Year ended 31 December 2015

	Notes	2015 TZS '000	2014 TZS '000
Revenue	7	287,959,748	243,269,641
Cost of sales	9	(170,653,395)	(135,610,833)
Gross profit		117,306,353	107,658,808
Other operating income	8	118,648	5,671,419
Selling and marketing costs	10	(2,660,595)	(2,161,197)
Administrative costs	11	(20,413,068)	(20,462,351)
Depreciation and amortisation	17, 18 & 19	(19,258,213)	(14,232,568)
Other operating expenses	13	(1,295,170)	(830,680)
Operating profit		73,797,955	75,643,431
Finance income	14	912,014	842,124
Financial costs	15	(149,070)	(458,553)
Gain on foreign currency translation	16	6,292,194	2,992,820
Profit before tax		80,853,093	79,019,822
Income tax expense	30	(24,606,586)	(24,541,586)
Profit for the year		56,246,507	54,478,236

	Notes	2015 TZS '000	2014 TZS '000
Other comprehensive income			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement losses on defined benefit plan	27	(35,785)	(1,047,292)
Income tax effect	30	10,735	157,937
Other comprehensive income for the year, net of tax		(25,050)	(889,355)
Total comprehensive income for the year, net of tax		56,221,457	53,588,881
Earnings per share			
Basic and diluted earnings per share (TZS)	35	312.61	302.79

	Notes	2015 TZS '000	2014 TZS '000
ASSETS			
Non-current assets			
Property, plant and equipment	17	175,994,827	188,709,062
Intangible asset	18	4,283,530	504,635
Leasehold land	19	1,175,851	1,201,896
		181,454,208	190,415,593
Current assets			
Inventories	20	56,099,518	58,332,930
Current income tax recoverable	30	-	419,772
Trade receivables	21	22,437,257	15,511,509
Other short-term operating receivables	22	11,483,974	11,602,354
Cash and bank balances	23	37,165,038	36,840,134
		127,185,787	122,706,699
TOTAL ASSETS		308,639,995	313,122,292
EQUITY AND LIABILITIES			
Equity			
Authorised, issued and fully paid up share capital	24	3,598,462	3,598,462
Retained earnings		210,305,499	226,113,067
		213,903,961	229,711,529

	Notes	2015 TZS '000	2014 TZS '000
Non-current liabilities			
Interest-bearing loans	25	176,270	226,634
Employment benefit liabilities	27	5,588,799	5,127,199
Deferred income tax liability	30	29,269,710	29,691,312
Provisions	31	2,559,677	1,784,217
		37,594,456	36,829,362
Current liabilities			
Current income tax payable	30	2,608,582	-
Trade and other payables	26	32,473,701	43,572,038
Interest-bearing loans	25	55,285	64,004
Dividend payable	34	22,004,011	2,945,359
		57,141,579	46,581,401
TOTAL EQUITY AND LIABILITIES		308,639,995	313,122,292

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors passed on 8 April 016 and were signed on its behalf by:



Name: **Alfonso Rodriguez**
Title: **Director**



Name: **George Fumbuka**
Title: **Director**

	Issued share capital (Note 24) TZS '000	Retained earnings TZS '000	Total TZS '000
At 01 January 2015	3,598,462	226,113,067	229,711,529
Profit for the year	-	56,246,507	56,246,507
Other comprehensive income, net of tax	-	(25,050)	(25,050)
Total comprehensive income, net of tax	-	56,221,457	56,221,457
Dividends declared	-	(72,509,009)	(72,509,009)
Dividend forfeited	-	479,984	479,984
At 31 December 2015	3,598,462	210,305,499	213,903,961
At 01 January 2014	3,598,462	220,203,808	223,802,270
Profits for the period	-	54,478,236	54,478,236
Other comprehensive income, net of tax	-	(889,355)	(889,355)
Total comprehensive income, net of tax	-	53,588,881	53,588,881
Dividends declared	-	(47,679,622)	(47,679,622)
At 31 December 2014	3,598,462	226,113,067	229,711,529

	Notes	2015 TZS '000	2014 TZS '000
Operating activities			
Profit before tax		80,853,093	79,019,822
<i>Adjustment to reconcile profit before tax to net cash flows:</i>			
	17, 18 &		
Depreciation and amortisation	19	19,258,213	14,232,568
Interest expenses	15	149,070	458,553
Interest income	14	(912,014)	(842,124)
Net unrealised exchange gain	16	(4,560,624)	(1,425,202)
Net increase in provision for obsolete inventory	20(b)	(26,389)	5,758,817
Fixed assets written off		153,983	-
Net increase in provision for other receivables		326,803	417,385
Gain on disposal of property, plant and equipment		(33,400)	(34,747)
<i>Cash flows before changes in working capital items</i>		95,208,735	97,585,072
<i>Working capital adjustments:</i>			
Decrease/(Increase) in inventories		2,259,801	(11,719,506)
Increase in trade receivables		(6,925,748)	(4,671,928)
Decrease/(Increase) in other short-term operating receivables		(208,423)	(2,000,365)
Increase/(Decrease) in employment benefit liabilities less OCI changes		461,600	(113,690)
Increase in trade and other payables		(10,322,877)	7,624,927
		(14,735,647)	(10,880,562)

	Notes	2015 TZS '000	2014 TZS '000
<i>Cash flows after changes in working capital items</i>		80,473,088	86,704,510
Corporation tax paid	30	(21,989,099)	(19,713,960)
Interest received		912,014	842,124
Interest paid		(157,789)	(461,071)
Net cash inflows from operating activities		59,238,214	67,371,603
Investing activities			
Proceeds from disposal of property, plant and equipment		33,400	34,747
Payment for capital works-in-progress		(5,567,010)	(26,829,341)
Purchase of capital items in stock		(150,722)	-
Purchase of intangibles		(3,944,689)	(494,181)
Purchase of property, plant and equipment		(788,848)	(2,269,739)
Net cash flows used in investing activities		(10,417,869)	(29,558,514)
Financing activities			
Dividends paid		(53,005,701)	(45,835,833)
Interest-bearing loans repaid		(50,364)	(50,364)
Net cash flows used in financing activities		(53,056,065)	(45,886,197)
Net increase in cash and cash equivalents		(4,235,720)	(8,073,108)
Net foreign exchange difference		4,560,624	1,425,202
Cash and cash equivalents at 01 January		36,840,134	43,488,040
Cash and cash equivalent at 31 December	23	37,165,038	36,840,134

1. CORPORATE INFORMATION

The financial statements of Tanzania Portland Cement Company Limited ('the Company') for the year ended 31 December 2015 were authorized for issue in accordance with a resolution of the Directors on 27 March 2016. The Company is a Limited Company incorporated and domiciled in Tanzania. The Company's shares are publicly traded. The registered office is located at Wazo Hill, Dar es Salaam.

The principal activities of the Company are disclosed in the Directors' Report. Information on its holding company is provided in Note 29.

2. BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except where stated otherwise. The financial statements are presented in Tanzanian Shillings (TZS) and all values are rounded to the nearest thousand (TZS '000'), except when otherwise indicated.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the Tanzanian Companies Act, 2002.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. Changes from the following new or revised standards and interpretations, amendments to existing standards and interpretations and improvements to IFRSs that were effective for the current reporting period did not have any impact on the accounting policies, financial position or performance of the Company.

- **Amendments to IAS 19 Defined Benefit Plans: Employee Contributions**
- **Annual Improvements 2010-2012 Cycle**
 - IFRS 2 Share-based Payment
 - IFRS 3 Business Combinations
 - IFRS 8 Operating Segments

- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
- IAS 24 Related Party Disclosures

- **Annual Improvements 2011-2013 Cycle**

- IFRS 3 Business Combinations
- IFRS 13 Fair Value Measurement
- IAS 40 Investment Property

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company are consistent with those of previous year, are described below:

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when significant risks and rewards of ownership of goods have passed to the buyer, usually on delivery of the goods.

Dividend distribution

Dividend distribution to the shareholders is charged to equity and recognised as a liability in the Company's financial statements in the period in which they are declared, and after being approved by the shareholders at the Annual General Meeting.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of any replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. All other repair and maintenance costs are recognised in profit and loss as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual rates of depreciation which have been consistently applied are:

Description	Rate (%)
Buildings and roads	4.0
Production machinery and equipment: (Factory plant and machinery)	5.0 – 10.0
Production machinery and equipment (Quarry plant and machinery)	25.0
Other equipment (Furniture, equipment and fixture)	12.5
Other equipment (Motor vehicles)	25.0
Other equipment (Computer hardware)	33.3

An item of property, plant and equipment and any significant part initially recognised is

derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital work-in - progress

Capital work-in-progress includes accumulated cost of property, plant and equipment which is under construction or for which cost has been incurred, but which is not yet ready for use by the Company. It also includes cost incurred for assets being constructed by third parties, assets which have not been delivered to or installed in the facility and assets which cannot be used until certain other assets are acquired and installed.

Where there is a significant interval between the time at which cost is incurred in connection with the acquisition of an asset and when the asset will be ready for use, the cost is accumulated in capital work-in-progress. At the time the asset is ready for use, the accumulated cost is to be transferred to the appropriate category and depreciation starts. Capital work-in-progress is not depreciated, since by the definition it is not yet ready for use.

Capital items in stock

Spare parts and servicing equipment are classified as Property, Plant and Equipment rather than inventory when they meet the definition of Property, Plant and Equipment. They are measured on cost less depreciation and provision for impairment.

Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation which has been consistently applied is 33.3% – 50%.The

amortisation period and amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss.

Gains or losses arising from de-recognition 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.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and 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. Where the carrying amount of an asset 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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Impairment losses are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in selling and marketing costs. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 21.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Company assesses, at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating income in the profit or loss.

Financial liabilities**Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings. The Company's financial liabilities include trade and other payables, bank overdraft, financial guarantee contracts, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Interest bearing loans, trade and other payables

After initial recognition, interest bearing loans and trade and other payables are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. Amortised cost is calculated by taking into

account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the finance costs in the statement of comprehensive income.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying value is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Operating lease - Company as a lessee

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

Rental income - Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

Inventories

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

- *Raw materials* – purchase cost on first in first out basis;
- *Finished goods and work in progress* – cost of direct materials and labor and a proportion of manufacturing overheads based on normal capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Pensions and other employment benefits

The Company operates defined contribution plans and defined benefit plans.

Pension obligations

Under defined contribution plans, the Company's employees are members of state-owned pension schemes, namely the Parastatal Pension Fund (PPF) and National Social Security Fund (NSSF). The Company contributes 15% of basic salary for each employee who is a member of PPF and 10% of gross salary for each employee who is a member of NSSF, while the employees contribute 5% and 10% respectively. The Company's contributions to the funds are charged to profit or loss in the year to which they relate.

Post-employment benefits

Under defined benefit plans, the Company provides certain post-retirement benefits at retirement. The expected costs of these benefits are accrued over the period of employment and the present value of the obligation is determined by reference to market yields on high quality corporate bonds, where there is no deep market in such bonds, the market yields on government bonds is used at the end of the reporting period.

Endowment scheme

The Company has an endowment scheme administered by the Jubilee Insurance Company of Tanzania Limited. This scheme is a defined contribution plans. The cost of the endowment scheme is fully met by the Company (See also note 5 Significant Accounting Judgements, estimates and assumptions - Pension Obligations).

These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises related restructuring costs

Interest is calculated by applying the discount rate to the defined benefit liability. The Company recognises the following changes in the defined benefit obligation in the statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Interest expense

Long service employment benefits (other long term employee benefits)

Under this defined benefit plan, the Company provides benefits in the form of cement at certain milestones during the period of employment.

The expected costs of these benefits are accrued over the period of employment and the present value of the obligation is determined by reference to market yields on high quality corporate bonds, where there is no deep market in such bonds, the market yields on government bonds is used at the end of the reporting period.

These benefits are unfunded. The cost of providing benefits under other long term employee benefits is determined using the projected unit credit actuarial valuation method. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to profit or loss in the period in which they occur.

Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates

(and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised directly in other comprehensive income or equity are also recognised in other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could

result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Company's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below.

Impairment losses on trade receivables

The Company reviews its trade receivables to assess impairment at the reporting date. In determining whether an impairment loss should be recorded in profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows in an individual trade receivable in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of the customer, or national or local economic conditions that correlate with defaults on repayment. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

More information on impairment losses including the carrying amounts of the balances affected is presented in Note 21.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying value may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The assets that are subject to this are presented in Notes 17 and 18.

Post-employment and long service defined benefit plans

The cost of defined benefit pension plans and other long term employment plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are included in Note 27.

Provision for quarry rehabilitation

Limestone is mined from the quarry in a way that leaves the “used” area as a one-level horizontal plateau (bench). The Company re-cultivates the quarry sites that will no longer be mined and the Company has a quarry rehabilitation plan. Due to the long term nature of mining a quarry, estimates of the quarry rehabilitation provision are subject to significant judgment. Refer to Note 31 for more information on the quarry rehabilitation provision.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are described below. This description is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Company's financial position or performance in the period of initial application. In cases where it will have an impact, the Company is still assessing the possible impact.

The following standards and interpretations have been issued or revised but were not yet effective for financial year ended 31 December 2015:

IFRS 9: Financial instruments

IFRS 9, as issued in July 2014, reflects the completion of all the phases of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and financial liabilities, impairment as well as hedge accounting.

Classification and measurement of financial instruments

Financial Assets: Financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics.

Equity securities are measured at fair value through profit or loss unless the entity chooses, on initial recognition, to present fair value changes in other comprehensive income (OCI). This option is irrevocable and applies only to equity instruments, which are not held for trading. Unlike debt instruments, gains and losses in OCI are not recycled on sale and there is no impairment accounting.

Derivatives are also measured at fair value through profit or loss. In comparison to IAS 39, there is no bifurcation of embedded derivatives for financial assets recorded at amortised cost or FVOCI.

The derecognition principles in terms of IAS 39 remain the same in IFRS 9.

Financial Liabilities: For liabilities designated at fair value through profit and loss, the change in the fair value of the liability attributable to changes in credit risk is presented in OCI.

All other classification and measurement requirements in IAS 39 have been carried forward into IFRS 9.

Impairment of financial assets

The expected credit loss model applies to debt instruments recorded at amortised cost or at fair value through other comprehensive income (such as loans, debt securities and trade receivables), lease receivables and most loan commitments and financial guarantee contracts.

Entities are required to recognise either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

The measurement of expected credit losses would reflect a probability-weighted outcome, the time value of money and reasonable and supportable information.

Effective date and transition

The standard applies to annual periods beginning on or after 1 January 2018, although early application is permitted. Retrospective application is required, however, transition reliefs are provided (including no restatement of comparative period information). Entities will only be permitted to early apply a previous version of IFRS 9 if their date of initial application is before 1 February 2015. However, if an entity has early applied a previous version of IFRS 9 before 1 February 2015, the entity is permitted to continue to apply that version until IFRS 9 becomes mandatorily effective in 1 January 2018.

Moreover, it will be possible to apply early just the new accounting treatment of fair value gains and losses arising from own credit risk on liabilities designated at fair value through profit or loss without applying the other requirements of IFRS 9, until IFRS 9 becomes mandatorily effective. The Company is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

Other standards issued but not yet effective which the Company does not expect to have an impact on the financial statements are listed below:

IFRS 15: Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Other standards issued but not yet effective

- IFRS 14: Regulatory Deferral Accounts (Effective 1 January 2016)
- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (Effective 1 January 2016)
- IAS 16 and IAS 41: Accounting for bearer plants (Effective 1 January 2016)
- IFRS 11: Accounting for the acquisition of interests in a Joint Operation (Effective 1 January 2016)
- IAS 27: Equity method in separate financial statements (Effective 1 January 2016)
- IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Effective 1 January 2016)

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Effective 1 January 2016)
- IFRS 7 Financial Instruments: Disclosures (Effective 1 January 2016)
- IAS 19 Employee Benefits (Effective 1 January 2016)
- IAS 16 – Property, plant and equipment and IAS 38 Intangible Assets (Effective January 2016)
- IAS 34 – Interim Financial Reporting (Effective 1 January 2016)
- IAS 1 – Disclosure Initiative (Effective 1 January 2016)
- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (Effective 1 January 2016)

Amendments to IAS 7 Statement of Cash Flows

The improvements to disclosures announced today require companies to provide information about changes in their financing liabilities. The amendments will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses). The improvements are part of the Board's Disclosure Initiative—a portfolio of projects aimed at improving the effectiveness of disclosures in financial reports. The IAS 7 amendments become mandatory for annual periods beginning on or after 1 January 2017. The impact of the amendments is being assessed by the company.

IFRS 16 Leases

The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Key features

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).

- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

Transition and effective date

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The new standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach. The new standard's transition provisions permit certain reliefs. The new standard requires lessees and lessors to make more extensive disclosures than under IAS 17. The impact of the new standard is being assessed by the company.

7 REVENUE

Sales of goods:

	2015 TZS '000	2014 TZS '000
Twiga plus	104,027,090	144,451,152
Twiga extra	166,781,591	58,235,463
Twiga ordinary	20,217,596	46,667,779
Twiga aggregate	719,573	132,105
Clinker	535,886	-
	292,281,736	249,486,499
Less: Freight outbound	(4,321,988)	(6,216,858)
	287,959,748	243,269,641

8 OTHER OPERATING INCOME

	2015 TZS '000	2014 TZS '000
Gain on disposal of property, plant and equipment	33,400	34,747
Rental income	38,115	105,134
Insurance claims*	-	5,053,090
Other income	47,133	478,448
	118,648	5,671,419

*Insurance claims relate to the refund the Company received as compensation of loss from the Insurance Company for fire accident that occurred in 2013.

9 COST OF SALES

Distribution costs	11,259,770	3,784,200
Variable costs	133,941,226	95,917,038
Fixed production costs	25,478,788	29,326,096
Provision for obsolete and slow moving stock	(26,389)	6,583,499
	170,653,395	135,610,833

Included in cost of sales fixed production costs are:

Staff costs	8,805,685	7,497,898
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10 SELLING AND MARKETING COSTS

Staff costs	862,282	866,909
Marketing, advertising and sales costs	1,380,283	1,220,949
Increase in provision for impairment of receivables	418,030	73,339
	2,660,595	2,161,197

		2015 TZS '000	2014 TZS '000
11 ADMINISTRATIVE EXPENSES			
Staff costs	12	6,567,632	6,260,410
Consultancy costs		3,187,679	2,817,084
Technical assistance		3,360,699	3,837,732
Rent, rates and hiring costs		1,542,295	1,405,870
Other administrative expenses*		5,427,960	5,723,869
Increase in other provision	22	326,803	417,385
		20,413,068	20,462,351
*Included in other administrative expenses are:			
Audit fees		217,198	151,919
Donations		36,736	130,348
Legal fees		333,867	204,263
Directors' remuneration		94,600	74,982

		2015 TZS '000	2014 TZS '000
12 STAFF COSTS			
Staff costs under:			
Cost of sales (Note 9)		8,805,685	7,497,898
Selling and marketing costs (Note 10)		862,282	866,909
Administrative expenses (Note 11)		6,567,632	6,260,410
		16,235,599	14,625,217
Staff costs is made up of:			
Salaries and wages		7,430,227	7,448,996
Social Security Contribution		1,384,375	1,455,462
Payroll tax (SDL)		588,782	729,083
Post employment and long service costs	28	1,376,785	1,523,363
Other employment costs and employee benefits		5,455,430	3,468,313
		16,235,599	14,625,217
13 OTHER OPERATING EXPENSES			
Local government levies and taxes		893,433	752,741
Fixed assets write off		153,983	-
Property taxes		247,754	77,939
		1,295,170	830,680

	2015	2014
	TZS '000	TZS '000
14 FINANCE INCOME		
Interest income - Interest on short term bank deposits	912,014	842,124
	912,014	842,124
15 FINANCE COSTS		
Interest on long term interest-bearing loans	18,099	13,850
Interest on short-term borrowing	130,971	444,703
	149,070	458,553
16 NON OPERATING EXPENSES AND FOREX GAINS		
GAIN ON FOREIGN CURRENCY TRANSLATION		
Exchange gain - realised	6,512,449	1,567,618
Exchange gain - unrealised	7,274,416	2,680,720
Exchange loss - realised	(4,780,879)	-
Exchange loss - unrealised	(2,713,792)	(1,255,518)
	6,292,194	2,992,820

17 PROPERTY, PLANT AND EQUIPMENT (PPE)

	Building and Roads	Production machinery & equipment	Other equipment	Capital items in stock	Capital work-in- progress (CWIP)	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost						
At 01 January 2014	42,804,682	153,781,844	13,843,297	1,328,103	34,197,658	245,955,584
Additions	142,269	700,869	1,426,601	-	26,829,341	29,099,080
Transfers	2,605,364	47,834,193	87,648	-	(50,531,956)	(4,751)
Expensed on capitalisation of CWIP	-	-	-	-	(2,707,074)	(2,707,074)
Disposals	-	-	(151,124)	-	-	(151,124)
At 31 December 2014	45,552,315	202,316,906	15,206,422	1,328,103	7,787,969	272,191,715
At 01 January 2015	45,552,315	202,316,906	15,206,422	1,328,103	7,787,969	272,191,715
Additions	-	76,365	712,483	150,722	5,567,010	6,506,580
Transfers	656,450	4,655,004	160,930	-	(5,472,384)	-
Expensed on capitalisation of CWIP	-	-	-	-	-	-
Write-offs	(25,085)	(502,491)	(1,622,305)	-	-	(2,149,881)
Disposals	-	-	(158,781)	-	-	(158,781)
At 31 December 2015	46,183,680	206,545,784	14,298,749	1,478,825	7,882,595	276,389,633
Accumulated depreciation						
At 01 January 2014	7,905,034	54,427,817	7,232,281	-	-	69,565,132
Charge during the year	1,718,562	10,905,665	1,444,418	-	-	14,068,645
Disposals	-	-	(151,124)	-	-	(151,124)
At 31 December 2014	9,623,596	65,333,482	8,525,575	-	-	83,482,653
At 01 January 2015	9,623,596	65,333,482	8,525,575	-	-	83,482,653
Charge during the year	1,870,084	14,512,498	2,683,792	-	-	19,066,374
Disposal	-	-	(75,230)	-	-	(75,230)
Write offs	(16,496)	(440,191)	(1,622,305)	-	-	(2,078,992)
At 31 December 2015	11,477,184	79,405,789	9,511,832	-	-	100,394,805
Net carrying amount						
At 31 December 2015	34,706,496	127,139,995	4,786,917	1,478,825	10,886,990	175,994,827
At 31 December 2014	35,928,719	136,983,424	6,680,847	1,328,103	7,787,969	188,709,062

No property, plant and equipment has been pledged as collateral for liabilities

18 INTANGIBLE ASSET

This consists of computer software, and mining rights whose movements are as follows:

Cost

	2015 TZS '000	2014 TZS '000
At 01 January 2015	1,076,292	577,360
Additions	3,944,689	498,932
Write offs	(42,354)	-
At 31 December 2015	4,978,627	1,076,292

Accumulated amortisation

	2015 TZS '000	2014 TZS '000
At 01 January 2015	571,657	435,380
Charge during the year	165,794	136,277
Write offs	(42,354)	-
At 31 December 2015	695,097	571,657

Net carrying amount

	2015 TZS '000	2014 TZS '000
At 31 December 2015	4,283,530	504,635

Included in the intangible assets additions are SUN/EAM systems amounting to TZS 3bn currently under development. Therefore no amortisation charges were applied during the period for the additions

19 LEASEHOLD LAND

	2015 TZS '000	2014 TZS '000
At 01 January 2015	1,201,896	1,229,542
Additions	-	-
	1,201,896	1,229,542
Less: Amortisation for the year	(26,045)	(27,646)
At 31 December 2015	1,175,851	1,201,896
Within one year	26,045	27,646
After one year	1,149,806	1,174,250
	1,175,851	1,201,896

The remaining lease period for leasehold land is 80 years.

	2015 TZS '000	2014 TZS '000
20 INVENTORIES		
Raw materials, additives, consumables and spare-parts	59,589,464	61,183,056
Work - in - progress	8,062,327	8,536,885
Finished goods and goods for resale		
- Twiga Extra Cement	603,041	857,233
- Twiga Ordinary Cement	122,586	248,637
- Twiga Plus Cement	694,786	605,303
- Twiga Aggregate	342,921	243,812
Less: Provision for obsolete stock (a)	(13,315,607)	(13,341,996)
	56,099,518	58,332,930
(a) <u>Movement in provision</u>		
At 01 January	13,341,996	7,583,179
(Decrease)/Increase in provision (b)	(26,389)	5,758,817
At 31 December	13,315,607	13,341,996
(b) <u>Provision for obsolete and slow moving items</u>		
Release of provision	(26,389)	(824,682)
Increase in provision for obsolete and slow moving items	-	6,583,499
	(26,389)	5,758,817
Value of inventories expensed during the year	59,996,477	37,318,361

During 2015, none of the Company's inventories balances were pledged as security for liabilities.

	2015 TZS '000	2014 TZS '000
21 TRADE RECEIVABLES		
Trade Receivables	22,975,703	15,631,975
<u>Provision for impairment of receivables</u>		
At 01 January	(120,466)	(47,127)
Additional provision	(418,030)	(73,339)
Write off during the year	-	-
At 31 December	(538,446)	(120,466)
	22,437,257	15,511,509
As at year-end the ageing analysis of receivables was as follows:		
==>Neither past due nor impaired	2,194,205	11,104,581
==>Past due but not impaired		
31 - 90 days	13,580,847	3,790,908
91 - 180 days	6,662,154	552,752
181 - 360 days	-	63,268
==>Impaired	538,446	120,466
	22,975,652	15,631,975
Terms and conditions of the above trade receivables:		

Trade receivables are non-interest bearing and are generally on 30 day payment terms. Provision policy excludes debtors backed by guarantees. As at 31 December 2015, trade receivables at initial value of TZS 418mnl were impaired and fully provided for and the movement in the provision for impairment of receivables is as shown above.

	2015 TZS '000	2014 TZS '000
22 OTHER SHORT-TERM OPERATING RECEIVABLES		
Prepaid expenses	2,579,977	4,174,721
Other short term receivables		
Staff loans and advances	222,895	168,119
Advances to suppliers	6,470,992	5,709,955
Other receivables	2,954,298	1,966,944
	9,648,185	7,845,018
Gross debtors	12,228,162	12,019,739
Less: Provision for impairment	(744,188)	(417,385)
	11,483,974	11,602,354
<i>Provision for impairment of other receivables</i>		
At 01 January	(417,385)	-
Charge during the year	(326,803)	(417,385)
At 31 December	(744,188)	(417,385)
==> Neither past due nor impaired	8,724,166	5,133,150
==>Past due but not impaired		
31 - 60 days	786,354	149,418
61 -180 days	-	750,297
180 - 360 days	1,973,454	1,812,153
	11,483,974	7,845,018
Terms and conditions of the above other receivables:		
Other receivables are non-interest bearing and are generally on 30 day terms. Provision policy excludes debtors backed by guarantees		

	2015 TZS '000	2014 TZS '000
23 CASH AND BANK BALANCES		
Cash at bank - local currency	14,734,389	23,474,820
Cash at bank - foreign currency	22,420,194	13,355,862
Cash at hand	10,455	9,452
	37,165,038	36,840,134
The carrying amounts disclosed above reasonably approximate the fair values at the reporting date. The cash and cash equivalents position for the purpose of the statement of cash flow purposes is as follows:		
Cash and cash equivalents as above	37,165,038	36,840,134
Net cash and cash equivalent	37,165,038	36,840,134
24 SHARE CAPITAL		
AUTHORISED, ISSUED AND FULLY PAID UP		
179,923,100 Ordinary Shares of TZS 20 each	3,598,462	3,598,462
SHAREHOLDING		
Shareholder:	Number of Shares	Number of Shares
Scancem International DA	53,835,094	53,835,094
General Public	124,598,500	124,598,500
Wazo Hill Savings and Credit Cooperative Society	1,489,506	1,489,506
	179,923,100	179,923,100

25 INTEREST BEARING LOAN

	2015 TZS '000	2014 TZS '000
10% long-term treasury loan	226,634	276,998
Current principal portion - Due within one year	(50,364)	(50,364)
Long-term principal portion - Due after one year	176,270	226,634
Current principal portion	50,364	50,364
Interest payable	4,921	13,640
Total current portion	55,285	64,004
After one year but not more than five years	176,270	201,456
More than five years	-	25,178
Non-current portion	176,270	226,634

The loan of initially TZS 1,082,822,619 was extended by the Government of the United Republic of Tanzania to the Company Limited for the rehabilitation of the Company quarries under the SIDA import support programme during the financial year 1988/1989, 1989/1990 and 1990/1991. The loan carries interest rate of 10% per annum on the outstanding balance and is payable in semi-annual equal instalments of TZS 25,181,921 for a period of 20 years. The repayment of the loan commenced on 31 January 1999 and is payable up to 31 December 2019. The loan is not secured.

26 TRADE AND OTHER PAYABLES

	2015 TZS '000	2014 TZS '000
Trade payables - third parties	9,531,239	11,741,472
Trade payables - intercompany	29 (b) 11,379,473	12,531,171
Accruals	6,464,214	2,300,358
Short-term operating payables	5,084,821	15,622,736
Payables for payroll and related costs	13,954	1,376,301
	32,473,701	43,572,038

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled between 15 to 45 days after the invoice date

- Other payables are non-interest bearing and have an average term of 30 days.
- For terms and conditions relating to related parties, refer to Note 29.

Short term operating payables consist of dividend payable.

27 EMPLOYMENT BENEFIT LIABILITIES

The Company contributes to a pension scheme administered by the Parastatal Pension Fund and a scheme administered by National Social Security Fund. In addition to that, the Company has an endowment scheme administered by the Jubilee Insurance Company of Tanzania Limited. These three schemes are defined contribution plans. The cost of the endowment scheme is fully met by the Company (See also note 5 Significant Accounting Judgements, estimates and assumptions - Pension Obligations).

The Company contributions during the year were as follows:

Endowment Scheme	590,312	580,624
Parastatal Pension Fund (PPF)	465,605	467,767
National Social Security Fund (NSSF)	344,868	407,071
	1,400,785	1,455,462

In addition to the three defined contribution schemes above, the company has entered into a voluntary agreement with Tanzania Union of Industrial and Commercial Workers (TUICO) of Tanzania Portland Cement Company to provide end-of-service benefits to employees reaching retirement age. The retired employee is paid based on the length of service. Also, the voluntary agreement provides for long-service awards paid in cement throughout the employment (every five years). The end-of-service benefit scheme is reported as post-employment benefit, while the long-service award is reported as other long-term benefits. The cost of both is fully met by the Company and the plans are administered by the management of the Company.

At the end of 2013 the voluntary agreement was re-negotiated for another two years. Modifications to the defined benefit plans resulted from both statutory (labour law) and negotiated changes. For the end-of-service benefit scheme the past service cost resulting from these modifications and long-service award scheme are now recognised in profit or loss when the plan amendments occur. The renegotiation process establishes changes in the terms of the schemes that may be considered, and if approved by the Company, implemented as agreed.

The amounts recognised in the statement of financial position are as follows:

	2015 TZS '000	2014 TZS '000
Present value of unfunded obligations	5,588,799	5,127,199
Net liability recognised in statement of financial position	5,588,799	5,127,199

Net liability recognised in statement of financial position consists of the following:

	2015 TZS '000	2014 TZS '000
Post-employment benefit	5,098,306	4,195,226
Other long-term benefits	490,493	931,973
	5,588,799	5,127,199

	2015 TZS '000	2014 TZS '000
The amounts recognised in profit or loss and OCI are as follows:		
Current service cost	331,491	467,104
Interest on obligation	807,932	744,160
Recognised past service cost	237,362	176,426
Actuarial losses on other long term benefits	-	135,673
Expense recognised in profit or loss	1,376,785	1,523,363
Actuarial losses on defined benefit plan:		
Post-employment benefit	719,877	1,047,292
Other long term deficit	(684,092)	-
Expense recognised in OCI	35,785	1,047,292

Changes in the present value of the employment benefits are as follows:

Post-employment benefits		
Opening balance (end-of-service benefits)	4,195,226	4,615,387
Current service costs	292,833	426,255
Past service costs	67,562	152,104
Interest cost	661,761	621,983
Benefits payments	(838,953)	(2,667,795)
Actuarial losses	719,877	1,047,292
Closing balance (end-of-service benefits)	5,098,306	4,195,226
Other long-term benefits		
Opening balance (long-service awards)	931,973	864,543
Current service costs	38,659	40,849
Past service costs	169,801	24,322
Interest cost	146,171	122,177
Benefits payments	(112,018)	(255,591)
Actuarial (gains)/losses	(684,092)	135,673
- Sub-total: change in provision for other long-term benefits	(441,479)	67,430
Closing balance (long-service awards)	490,494	931,973
Total amount of obligation	5,588,800	5,127,199

Expected benefit payments

	Expected benefits payments		Expected contributions	
	2015 TZS '000	2014 TZS '000	2015 TZS '000	2014 TZS '000
In the following year	1,188,320	425,214	297,080	182,235
In current year +2	813,410	665,761	813,410	665,761
In current year +3	700,464	670,823	377,173	1,006,235
In current year +4	272,696	691,321	338,184	460,880
In current year +5	894,364	417,042	298,121	256,878
In current year + 6 and > (in aggregate)	1,715,545	2,257,038	2,754,037	2,929,971

Principal actuarial assumptions at the reporting date:

	2015	2014
Discount rate at 31 December	16.75%	16.75%
Future annual salary increases	6%	6%
Cost inflation	5%	5%

Sensitivity analysis

The assumptions with the greatest impact on the results are:

	2015 TZS '000	2014 TZS '000
Discount +1%	5,414,767	4,936,157
Discount -1%	5,776,383	(5,333,065)
Service plus interest cost discount +1%	1,052,416	(1,144,978)
Service plus interest cost discount -1%	1,074,094	(1,133,067)

The above are based on changes expected in one year. Inflation is expected to be stable.

Membership statistics

Active members

Headcount

Average age

Average future service

Average annual pensionable salary

The scheme has no retired or inactive members.

	2015	2014
Headcount	303	311
Average age	43.41	42.9
Average future service	5.72	5.9
Average annual pensionable salary	19,948	19,210

28 OTHER STATUTORY PAYROLL REMITTANCES

Other statutory payroll remittances include Pay As You Earn (PAYE), Skills and Development Levy (SDL). PAYE and SDL are payable by the Company to the Tanzania Revenue Authority (TRA) in accordance with the Income Tax Act. The amounts charged to profit or loss in the year in respect of SDL remittances are:

Skills and Development Levy	754,242	729,083
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The amount deducted from the employees' salaries and wages in the year in respect of PAYE is:

Pay As You Earn	3,720,816	3,990,020
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At year-end the following amounts were outstanding and were payable to TRA.

The amounts are included in trade and other payables as at year end and were subsequently remitted after year-end.

Skills and Development Levy	25,657	97,478
Pay As You Earn	187,613	440,405

29 RELATED PARTY TRANSACTIONS

The Company's ultimate holding Company is HeidelbergCement AG - Germany and immediate holding Company is Scancem International DA - Norway. During the year, the Company entered into transactions with Scancem International DA of Oslo, Norway which owns an equity stake of 69.25% in the Company. HC Trading, Interlac, CimBenin, Cementerie de Lukala and Scan Togo are sister companies to TPCC. The Company imports raw materials, machinery, spare parts and services from/through the holding company. The Company's purchases during the year were as follows:

	2015 TZS '000	2014 TZS '000
a) Related party transactions		
Purchase of goods: - Scancem International DA	33,013,575	16,076,814
Purchase of services: - Scancem International DA	3,360,699	2,782,982
- Cimenterie CBR	347,932	
- Heidelberg Cement AG	543,284	491,021
Total amount traded	37,265,490	19,350,817
b) Related party balances		
Trade payables - Scancem International DA	10,349,554	12,459,564
- HeidelbergCement AG	681,987	71,607
- Cimenterie CBR	347,932	-
	11,379,473	12,531,171
c) Related party transactions (Sale of goods and services)		
- Interlac	535,885	-
d) Other receivables -		
Scan Togo	-	5,310
- Cimenterie de Lukala	4,398	4,398
- CimBenin	1,865	1,865
	6,263	11,573

Terms and conditions of transactions with related parties: The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The balances are due on demand. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 December 2015, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2014: Nil). This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.

e) Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

	2015 TZS '000	2014 TZS '000
Short-term employee benefits (Salaries and allowances)	3,360,699	2,755,691
Post-employment benefits (defined contribution plans)	343,400	619,681
	3,704,099	3,375,372

No terminal or other term benefits were paid to key management personnel during the year (2014: Nil).

- As at year-end, there was no outstanding amount with key management personnel

- The amounts disclosed in the table above are the amounts recognised as an expense during the period related to key management personnel.

	2015 TZS '000	2014 TZS '000
30 TAX		
i) Income tax expense		
Current income tax charge	25,017,453	19,503,152
Deferred income tax charge/(credit)	(410,867)	5,038,434
	24,606,586	24,541,586
ii) Reconciliation of tax expense to tax based on accounting profit:		
Accounting profit before taxation	80,853,093	79,019,822
Tax applicable rate of 30% (201X: 30%)	24,255,928	23,705,947
<i>Tax effect on non-taxable/non-deductible items</i>		
Disallowable expenses for tax purposes	328,470	835,639
Adjustments in respect of current income tax of previous years - recognition of past service costs	22,188	-
Income tax expense	24,606,586	24,541,586
iii) Deferred income tax		
Accelerated depreciation for tax purposes	113,494,403	117,440,235
Provisions for post-employment and other long term benefits	-	(187,981)
Provision for obsolete and slow moving items	(13,315,607)	(13,341,996)
Actuarial losses on employee benefits obligation	(2,880,419)	(4,939,217)
	97,298,377	98,971,041

	2015 TZS '000	2014 TZS '000
Deferred income tax liability thereon at 30%	29,269,710	29,691,312
Less: Opening deferred tax liability	(29,691,312)	(24,810,815)
Deferred income tax charge	(421,602)	4,880,497
Deferred income tax charge/(credit) to profit	(410,867)	5,038,434
Deferred income tax credit to other comprehensive income	(10,735)	(157,937)
	(421,602)	4,880,497
iv) Current income tax payable/(recoverable)		
Tax payable brought forward	(419,772)	(208,964)
Tax charge for the year	25,017,453	19,503,152
Tax payments during the year	(21,989,099)	(19,713,960)
	2,608,582	(419,772)
Tax credit for unrecognised past service cost	-	-
Current income tax payable/(recoverable)	2,608,582	(419,772)

31 PROVISIONS

Provision for quarry site restoration is made annually based on the expected cost to be incurred to rehabilitate quarry sites. The provision is based on the expert costing of the expected costs. Any increase/(decrease) in the provision is recognised in other administrative expenses.

	2015 TZS '000	2014 TZS '000
At 1 January	1,784,217	-
Reclassification from trade and other payables	-	1,199,167
Provision for the year	775,460	742,079
Provision used during the year	-	(157,029)
At 31 December	2,559,677	1,784,217

The key assumptions used in determining the provision are:

- The cost will be incurred in USD
- The estimated cost is USD 0.2 per ton of material mined from the quarry site.

32. EMPLOYEES

The number of employees at the end of the year was 313 (2014: 318).

33. DIVIDEND PER SHARE

Dividends relating to the profit for the year ended 31 December 2014 of TZS 197 per share (totalling TZS 35.4 billion) were paid as final dividend in June 2015.

34. DIVIDEND PAYABLE

Dividend payable as at year end comprises of:

	2015 TZS '000	2014 TZS '000
- Scancem International DA	13,138,912	-
- Third party	8,865,099	2,945,358
	22,004,011	2,945,358

35. COMMITMENTS AND CONTINGENCIES

Capital commitment

No major capital commitment during the year.

Operating lease commitment - Company as lessee

The Company has entered into commercial lease of land for limestone extraction and the factory area. The lease has an average life of 77 years. At 31 December 2015, the Company had not prepaid any lease rental for the land. Rent is paid on annual basis.

Rental expenses recognised during year	204,206	194,565
Within one year	204,206	194,565
After one year but not more than five years	625,416	625,416
More than five years	2,843,837	3,048,043
	3,673,459	3,868,024

Operating lease commitment - Company as lessor

The Company has entered into commercial lease of land for use by different telephone companies. The lease has an average life of 5 years. At 31 December 2015, the Company had not received any advances for rent. Rent is received on annual basis.

	2015 TZS '000	2014 TZS '000
Rental income recognised during year	38,115	105,134

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

Within one year	38,115	105,134
After one year but not more than five years	152,460	420,536
	190,575	525,670

Guarantees and other financial facilities

The Company had the contractual amounts of bank financial instruments that commit it to extend credit to customers, guarantees and other facilities as follows:

Guarantees and standby letters of credit	16,800,500	13,507,295
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Legal claims

Contingent liabilities relate to several court cases on land trespassing, alleged unfair termination of employment contracts and breach of business contracts all amounting to TZS 600 million (2014: TZS 1.08 billion).

The Company has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in these financial statements.

Tax assessment

The Company received in December 2007 an adjusted tax assessment for 2004

amounting to TZS 122.4 million. The Company filed an objection against this assessment in early 2008. The Tanzania Revenue Authority (TRA) has also carried out a tax audit of the years 2005 and 2006. TRA issued its external audit report on 18 December 2008. TRA and the Company are in agreement on all major issues raised in the report with one notable exception; the allegation that transactions between the Company and its related party, Scancem International DA, have not been carried out at arm's length. In mid-March 2009, TRA issued assessments amounting to a total of TZS 9.0 billion (transfer pricing of TZS 6.7bn; VAT of TZS 2.3bn).

35. COMMITMENTS AND CONTINGENCIES (Continued)

The Company filed objections to these assessments in April 2009 after having deposited the required 1/3 of the disputed assessments. In 2012 the TRA revised its assessment on transfer pricing to TZS 0.5bn and VAT to TZS 1.2bn. In 2013 the Company agreed to pay the VAT liability of TZS 1.2bn, this amount was recognised as an expense in 2013. The Company has filed objections to the revised assessment on transfer pricing. The objection is still pending with TRA. The disputed tax assessments (including the deposits) are not reflected in the net results for 2008 to 2015. Only the 1/3 deposit made in line with the law is reflected in the statement of financial position and classified as a short-term receivable.

36. EARNINGS PER SHARE

	2015 TZS '000	2014 TZS '000
Profit attributable to ordinary equity holders	56,246,507,000	54,478,236,000
Weighted average number of ordinary shares	179,923,100	179,923,100
Basic and diluted earnings per share (TZS)	312.61	302.79

- Basic earnings per share is calculated on the profit after tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.
- Diluted earnings per share is calculated on the profit after tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding after adjustment of dilutive potential ordinary shares.
- The basic and diluted earnings per share are the same as there are no convertible instruments or other dilutive shares.

37. SEGMENT REPORTING

The Company's main product currently is cement which is produced in two grades. The majority of revenue is therefore derived from sale of cement (as disclosed in note 7) and the Board of Directors relies primarily on revenue from sale of cement to assess the performance. The Company started the aggregate business in the last quarter of 2014 but only less than 1% of the operating results were from this business for this reporting period.

The Company is organised into one single business unit for management purposes. Management monitors the operating results of the business as a single unit for the purpose of making decisions about resource allocation and performance assessment.

The revenue from external parties is measured in a manner consistently with that in the Statement of Comprehensive Income. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

The Company's operations are in Tanzania. No single customer contributes revenue amounting to more than 10% of the Company's revenue. All the Company's non-current assets are located in Tanzania.

38. EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date which requires adjustment or disclosure in the financial statements.

39. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise interest bearing loans and trade payables. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables, short-term deposits and cash and cash equivalents, which arise directly from its operations.

The main risks arising from the Company's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks as summarised below.

a. Treasury risk management

The Company operates a treasury function to provide competitive funding costs, invest and monitor financial risk. The Company does not use derivative financial instruments for speculative purposes and for managing financial risk.

b. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is insignificant as the Company has a fixed interest rate on borrowings.

c. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk is managed at an operational level and monitored by the Finance Division. Exposure to losses from foreign liabilities is managed through prompt payment of outstanding liabilities.

The following table demonstrates the sensitivity to possible changes in the exchange rate between the Tanzanian Shilling and foreign currencies (mainly US dollar, other currencies are considered to be immaterial), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ decrease in the value of TZS vs. USD	Effect on profit before tax TZS'000	Effect on PAT TZS'000
Net effect based on the year end as at 31 December 2015	+10% -10%	1,318,054 (1,318,054)	1,318,054 (1,318,054)
Net effect based on the year end as at 31 December 2014	+10% -10%	-46,528 +46,528	-32,569 +32,569

The sensitivity analysis has been determined based on the net exposure as at 31 December 2015. The change of 10% is what is used when determining the net foreign currency transaction risk reported internally to key management personnel to assess reasonably possible change in foreign exchange rates.

The various currencies to which the Company is exposed at 31 December are summarised below:

At 31 December 2015	Exposure in EURO	Exposure in USD	Total in function currency
Financial assets			
Trade and other receivables	-	2,924,154	2,924,154
Cash and cash equivalents	12,692	22,412,956	22,425,648
	12,692	25,337,110	25,349,802
Financial liabilities			
Trade and other payables	635,548	11,533,712	12,169,260
Net exposure	(622,856)	13,803,398	13,180,542
At 31 December 2014			
Financial assets			
Trade and other receivables	-	290,103	290,103
Cash and cash equivalent	28,287	13,333,168	13,361,455
	28,287	13,623,271	13,651,558
Financial liabilities			
Trade and other payables	21,675	8,288,613	8,310,288
Net exposure	6,612	5,334,658	5,341,270

Exchange rates applicable were as follows:

	TZS:EURO	TZS:USD
On 1 January 2015	2,141	1,770
On 31 December 2015	2,416	2,224
On 1 January 2014	2,145	1,626
On 31 December 2014	2,141	1,770

d. Credit risk management

Potential concentration of credit risk consists principally of short term cash and trade debtors. The Company deposits short term cash surpluses only with banks of high credit standing. Trade debtors are presented net of allowance for doubtful debts. For the majority of customers, including export clients, full upfront payment is demanded. With few exceptions, credit customers are secured by guarantees issued by reputable banks and the Company does not hold other collateral in respect to financial assets. Accordingly, the Company has no significant concentration of credit risk that has not been adequately provided for.

Maximum exposure to credit risk

		2015	2014
	Notes	TZS'000	TZS'000
Trade receivables	21	22,437,257	15,511,509
Other short-term financial assets	22	9,648,185	7,845,018
Bank balances	23	37,165,038	36,840,134
		68,913,222	60,187,209

As at year-end, the credit risk arising from trade receivables is mitigated by bank guarantees issued by customers as presented in Note 35.

As at year-end, the credit risk arising from trade receivables is mitigated by bank guarantees issued by the bank in respect of customers as presented in Note 35.

Analysis of credit risk mitigation:

		2015	2014
		TZS'000	TZS'000
Trade receivables	21	22,437,257	15,511,509
Bank guarantees	34	(16,800,500)	(13,507,295)
Unguaranteed trade receivables		5,636,757	2,004,214



e. Liquidity risk

The Company manages its liquidity risk through generation of enough revenue which is sufficient to cover its working capital needs for the foreseeable future. Cash flows are undiscounted contractual cash flows.

	On demand TZS '000	Less than 3 months TZS '000	3 to 12 months TZS '000	2 to 5 years TZS '000	Over 5 years TZS '000	Total TZS '000
At 31 December 2015						
Financial liabilities						
Interest-bearing loans	-	39,032	42,808	232,932	(117)	314,655
Trade and other payables	48,534	32,425,167	-	-	-	32,473,701
Dividend payable	22,004,011	-	-	-	-	22,004,011
	22,052,545	32,464,199	42,808	232,932	(117)	54,792,367
At 31 December 2014						
Financial liabilities						
Interest-bearing loans	-	42,390	47,006	258,107	26,235	373,738
Trade and other payables	48,138	43,523,900	-	-	-	43,572,038
Dividend payable	2,945,359	-	-	-	-	2,945,359
	2,993,497	43,566,290	47,006	258,107	26,235	46,891,135

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing creditors.

f. Fair value measurements

The fair value of the Company's financial assets and liabilities reasonably approximates the carrying amounts.

- Trade and other receivables and payables, and bank balances: Due to short term nature of the financial instruments.

- Interest bearing loan: The interest rate charged on the loan is in line with market interest rates charged on similar loans and the Company's default risk is remote.

g. Capital management

The primary objective of the Company's capital management is to maximise shareholder value. In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans in the current period.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio at 35%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2014.

	Notes	2015 TZS '000	2014 TZS '000
Financial liabilities less cash and cash equivalents			
Interest bearing loans	25	231,555	290,638
Trade and other payables	26	32,473,701	43,572,038
Cash and cash equivalents	23	(37,165,038)	(36,840,134)
		(4,459,782)	7,022,542
Net debt			
Equity		213,903,961	229,711,529
Capital and net debt		209,444,179	236,734,071
Gearing ratio		-2%	3%



**For use at the Annual General meeting of
Tanzania Portland Cement Company Ltd.**

I/ We

of (Address) a shareholder/ shareholders of
Tanzania Portland Cement Company Ltd, hereby appoint (note1)

.....
of (Address)

as my/our proxy to vote for me/ us on my/ our behalf at the Annual General Meeting of the Company to be held at

Ramada Hotel	Date: 26 May 2016
Dar es Salaam	Time: 10:00am to 12:00 noon
Grand Ocean Conference Room	

and at any adjournment thereof

Signature (Notes 1 & 2) Dated

Notes:

1. If the appointor is a corporation, this proxy form must be executed under its seal or under the hand of an officer or attorney so authorised to sign the same in that behalf.
2. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be quoted in this proxy form.

Form to be returned to:

The Corporate Actions Manager
CAD Securities Limited
2nd Floor, Office 215, Ubungu Plaza Building
P.O. Box 11488, Dar-es-salaam
Tel. No. +255 779 303030
Email: judith@cadsecurities.com or neema@cadsecurities.com



HEIDELBERGCEMENT Group

Kwa matumizi kwenye Mkutano Mkuu wa mwaka wa Tanzania Portland Cement Company Ltd.

Mimi/ Sisi

wa S.L.P. nikiwa mwanachama/ wanachama
wa Kampuni ya Tanzania Portland Cement Company Ltd, namchagua (Zingatia 1)

.....
wa S.L.P.

kama mwakilishi wangu/ wawakilishi/ wetu kupiga kura kwa ajili yangu/ yetu na kwa niaba yangu/ yetu katika
Mkutano Mkuu wa Mwaka utakaofanyika.

Ramada Hotel

Tarehe: 26 Mei 2016

Dar es Salaam

Saa: Nne asubuhi - Sita mchana

Ukumbi wa Grand Ocean

au huu Mkutano ukiairishwa, katika huo Mkutano ulioairishwa

Sahihi (Zingatia 1 na 2) Tarehe

Zingatia Yafuatayo:

1. Ikiwa mteuzi ni shirika au kampuni, fomu hii ni lazima iwe na muhuri wa moto wa kampuni husika na ipitishwe kwa maafisa wa kampuni, wakili au kwa mtu aliyeidhinishwa kutia saini nyaraka kwa niaba ya kampuni.
2. Ikiwa hisa zinamilikiwa na zaidi ya mtu mmoja, sahihi ya mwanahisa mmoja inakubalika endapo majina ya wamiliki wote wa hisa yameorodheshwa kwenye fomu ya uwakilishi.

Fomu irudishwe kwa:

Katibu - Meneja Utendaji wa Kiofisi

CAD Securities Limited

Ghorofa la Pili, Ofisi 215, Jengo la Ubungo Plaza

S. L. P. 11488, Dar-es-salaam

Simu Namba. +255 779 303030

Barua Pepe: judith@cadsecurities.com au neema@cadsecurities.com

