

Annual Report 2009



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HEIDELBERGCEMENT Group

FINANCIAL HIGHLIGHTS

Figures in TZS' 1000	2004	2005	2006	2007	2008	2009
Number of employees (yearly average)	282	292	304	312	322	343
Revenue	55,157,190	69,038,626	80,203,239	119,764,889	148,709,578	178,999,595
Operating income before depreciations	14,555,200	26,160,677	31,019,963	48,147,156	56,480,555	79,479,085
Operating income	12,948,082	23,579,136	28,251,077	45,240,284	53,159,844	71,982,795
Profit/loss for the financial year	8,920,520	15,628,386	19,500,037	30,111,586	34,962,320	47,992,970
Earnings per share (TZS)	49.58	86.86	108.38	167.36	194.32	266.74
Dividend per share (TZS) 1)	10.00	17.37	28.00	43.00	70.00	130.00
1) For 2009 proposed dividend						
Total investments in fixed assets	14,894,729	3,027,141	5,394,417	34,475,634	65,273,645	27,904,244
Depreciation and amortisation	-1,607,118	-2,581,541	-2,768,886	-2,906,872	-3,320,711	-7,496,290
Non-current assets	26,529,187	27,018,688	29,416,448	60,200,945	122,152,602	142,383,084
Current assets	16,588,481	25,008,753	39,422,383	42,765,801	46,513,380	49,953,054
Equity	23,612,855	37,441,143	53,816,493	78,890,233	106,115,859	141,514,212
Non-current liabilities	6,016,637	8,266,189	8,291,583	7,234,509	11,165,759	24,168,847
Current liabilities	13,488,176	6,320,109	6,730,754	16,842,004	51,384,363	26,653,078
Balance sheet total	43,117,668	52,027,442	68,838,831	102,966,746	168,665,982	192,336,138
<i>Memo items:</i>						
- Average exchange rate TZS/USD	1,089	1,130	1,253	1,245	1,193	1,319
- Closing exchange rate TZS/USD	1,043	1,166	1,262	1,132	1,280	1,327

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TANZANIA PORTLAND CEMENT COMPANY ANNUAL ACCOUNTS

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LETTER OF TRANSMITTAL

BARUA YA KUWASILISHA

**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 31st December 2009 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 130,00 per share compared to TZS 70,00 per share last year.

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 unaoishia Decemba 31, 2009, kwa mujibu wa ibara ya 166 ya Sheria ya Kampuni ya mwaka, 2002.

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

Wakurugenzi wanapendekeza gawio la shilingi za Kitanzania 130,00 kwa hisa ikilinganishwa na shilingi 70,00 kwa hisa zilizotolewa mwaka jana.

Jean-Marc Junon

**MWENYEKITI
Tanzania Portland Cement Company Limited**



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Chairman's Statement

for the year ended 31st December 2009

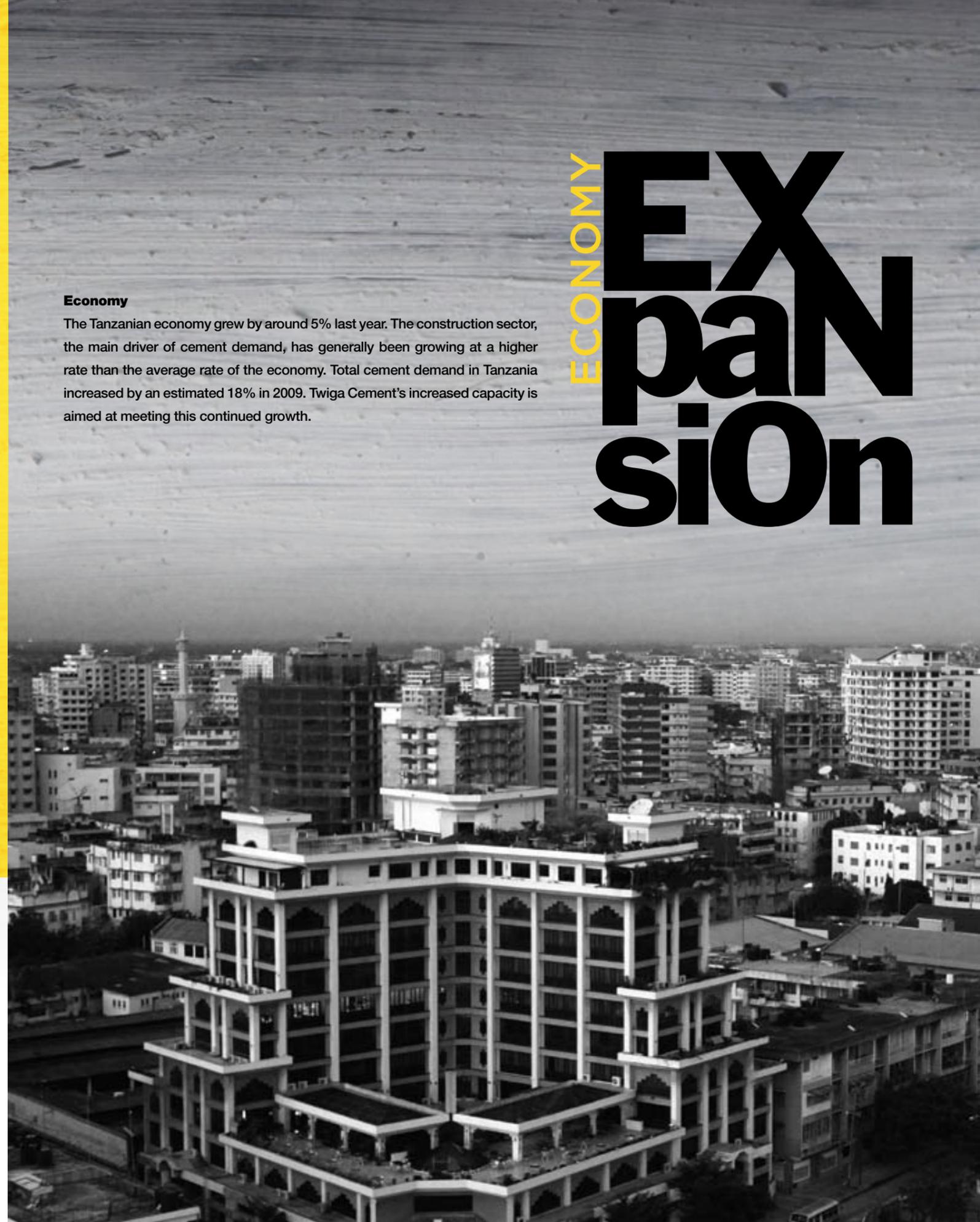


HEIDELBERGCEMENT Group

Economy

The Tanzanian economy grew by around 5% last year. The construction sector, the main driver of cement demand, has generally been growing at a higher rate than the average rate of the economy. Total cement demand in Tanzania increased by an estimated 18% in 2009. Twiga Cement's increased capacity is aimed at meeting this continued growth.

ECONOMY
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CHAIRMAN'S STATEMENT

Economic and Business Environment

The worldwide financial crisis had less impact on Tanzania than we first expected and the country showed respectable growth of its economy in 2009. The construction sector continued to develop strongly, resulting in an increase of cement consumption of about 18%. This increase in demand being, however, also a result of removed capacity bottlenecks.

Recession or weak growth in many countries combined with falling international freight rates have resulted in increased levels of imports into our market causing a serious threat to the East African cement industry.

The government's decision to remove the suspended duty on imported cement in July 2008 aggravated the situation, when TPCC and other regional cement producers made large investments to ensure that local capacity could meet local demand.

Expansion

The operation in 2009 was marked by the commissioning of the new clinker plant and the resulting increase in clinker capacity from around 400,000 tonnes to 1,150,000 tonnes. This was the second, and most significant, phase of the Company's expansion project. The first phase being the increase of cement grinding and packing capacity to 1,400,000 tonnes in August 2008.

Tanzania Portland Cement Company Ltd (TPCC) recorded another successful year with further increase of its sales and profit, and the commissioning of its new production line.

I am very pleased to report to our shareholders that the expansion project was a real success: execution on time, below budget, with no accidents and operational performance in line with expectations.

The challenges involved in such a significant project have been handled by the management in an exemplary manner. The organization has been strengthened in key areas to deal with the new equipment and technologies, including extensive training activities.

The Company also improved in other areas. I would in particular like to congratulate the management for the preparation and implementation of an Environmental Management System which resulted in getting ISO 14001 certification in February 2010.

Financial Performance

Despite an 11% reduction of our prices from the month of June, turnover increased by 20% compared to 2008 as a result of higher sales volumes. Operating profit was up by 35% due to a combined effect of increased volumes and reduced costs. Net result after tax ended at 48 billion Tanzanian Shillings (TZS), 37%, above previous year.

Outlook

Although the regional cement industry is facing a critical situation with unfair competition from imported cement, we believe that political stability and continued economic reforms will support steady growth in the medium to long term. The need for infrastructure development and new housing is still very significant in Tanzania and cement consumption per capita is low even in an African context.

With the recent expansion of its production capacity, TPCC is well positioned to serve this growing demand for high quality cement and is determined to remain a leading player in the regional cement market.

In this regard, it is important that TPCC's property adjacent to the existing quarry and occupied by an increasing number of illegal settlers is freed. In 2006 TPCC won a long drawn out court case brought against the trespassers. Since then an extraordinary lengthy appeal process has continued to prevent the Company from repossessing and utilizing its land.

Capital Markets

TPCC share price remained stable throughout the year of 2009: opening at 1,600 TZS/share and closing at 1,640 TZS/share. The market capitalization at the end of 2009 was thus TZS 295 billion; up 2.5% from the year before. The number of shareholders at the end of the year stood at about 10,800 compared to around 11,500 one year earlier.

Dividend

The Board proposes a dividend for 2009 of TZS 130 per share. This is an increase of 86% compared to the year before when declared and paid dividend was TZS 70 per share. The proposed dividend represents 49% of the net profit for the year.

Corporate Citizenship

TPCC reaffirms its commitment to the principles of good governance and Citizenship. We recognize and accept our responsibility to work with our various stakeholders, including government, to foster sustainable economic growth, safe working conditions, ensure environmentally sound business practices, provide adequate employee welfare, and deliver acceptable returns to our shareholders.

TPCC makes significant contributions to the Tanzanian economy through government taxes, technology improvements, international business standards, community development programs, and by performing its core activity: making cement available for building the country.

Management

Mr. Klaus Hvassing, Managing Director for the last five years, left the Company at the end of August 2009. Under his leadership the Company underwent important developments and saw a fivefold increase in net result. Mr. Hvassing was instrumental in initiating the expansion project and making it a success. The Board and I thank Mr. Hvassing for his valuable contribution to the Company. Mr. Hvassing is succeeded by Mr. Pascal Lesoinne who was until last September the Project Manager for TPCC expansion and led this project in a very successful manner.

Finally, I wish to express my appreciation to my fellow board members, management and staff of TPCC for their dedication and good work, as well as to our suppliers, customers and other stakeholders for their loyalty and support in 2009.



MAELEZO MAFUPI YA MWENYEKITI

Mazingira ya Uchumi na Biashara

Mtikisiko wa uchumi duniani pamoja na kudorora kwa uchumi duniani kote ulioanza 2007/08 na ambao athari zake bado zinaendelea haikuwa na athari kali zilizotegemewa. Uchumi wa Tanzania umeweza kuhimili mtikisiko huo na umeonyesha ukuaji mzuri wa uchumi mwaka 2009 pia. Sekta za ujenzi na nyumba ziliendelea kuimarika na kupelekea ongezeko la mahitaji ya Saruji kiasi cha 18%. Ongezeko hili bila shaka ni matokeo ya kuondoshwa kwa matatizo ya uzalishaji hususan kujenga mtambo mpya wa uzalishaji kwa TPCC.

Ukuaji hafifu wa uchumi katika nchi nyingi duniani na kupungua kwa gharama za usafirishaji wa mizigo kwa njia ya bahari kumesababisha ongezeko kubwa la saruji kutoka nje ya soko la Afrika Mashariki na hivyo kuwa tishio kwa viwanda vyav saruji ndani ya soko hilo. .

Uamuzi wa Serikali wa kuondoa ushuru wa ziada tangu Julai 2008 kwa Saruji inayotoka nje umefanya hali kuwa ngumu zaidi hasa ikizingatiwa kuwa TPCC na wazalishaji wengine wa saruji wamewekeza fedha nyingi miaka ya karibuni katika upanuzi wa viwanda na kuhakikisha kwamba uzalishaji unakidhi mahitaji ya soko la ndani.

Upanuzi:

Mwaka 2009, uendeshaji ulishuhudia uzinduzi wa tanuru jipya lililopelekea uzalishaji wa Klinka kuongezeka toka takriban tani 400,000

Kwa mara nyingine, Kampuni ya Saruji Tanzania (TPCC) imepita mwaka mwingine wa mafanikio. Kampuni imeweka rekodi mpya ya mauzo na faida baada ya kuzindua kwa mafanikio, awamu ya pili ya mradi wa upanuzi wa kiwanda.

kufikia tani 1,150,000. Mtambo wa Klinka ulikuwa wa pili na awamu muhimu zaidi katika mradi wa upanuzi. Awamu ya kwanza ya usagaji na upakiaji wa Saruji ulizinduliwa mwezi Agosti 2008 na kuongeza uzalishaji wa Saruji kufikia tani 1,400,000.

Nafurahi kuwaarifu wanahisa wetu kwamba mradi wa upanuzi umekuwa wa mafanikio kwa maana ya muda, gharama, kutokuwa na ajali na ufanisi wa mitambo baada ya uzinduzi kama ilivyotarajiwa.

Changamoto zinazoambatana na mradi kama huo zimedhibitwa na uongozi kwa namna ya kupigiwa mfano. Muundo wa Kampuni umeimarishwa katika maeneo muhimu ili kumudu mtambo na teknolojia mpya sanjari na ongezeko la shughuli za mafunzo.

Kumekuwapo pia uboreshaji wa uendeshaji kwenye maeneo mengine. Ningependa kuipongeza Kampuni kwa uandaaji na utekelezaji wa mfumo wa Udhibiti wa Mazingira. Mwezi Februari 2010, Kampuni ilipata hati ya uthibitisho kwa ISO 14001 ikiwa ni kampuni ya pili kuthibitishwa kati ya Kampuni za Saruji Afrika Mashariki.

Utendaji Kifedha:

Licha ya kupungua bei ya saruji kwa asilimia 11 mwezi Juni, thamani ya mauzo iliongezeka kwa asilimia 20 ikilinganishwa na 2008 kutokana na saruji nyingi zaidi kuuzwa mwaka 2009. Faida kabla ya gharama za fedha na kodi iliongezeka kwa asilimia 35. Faida baada ya kodi ilifikia shilingi bilioni 48 ambalo ni ongezeko la asilimia 37 kulinganisha na 2008. Ongezeko la mauzo, kupungua kwa gharama za uzalishaji na uendeshaji ndizo sababu kuu za mafanikio haya.

Matarajio:

Japo viwanda vya saruji vya kanda hii vinakabiliwa na hali mbaya ya ushindani usiokuwa linganifu kutokana na saruji kutoka nje ya nchi, ni matarajio yetu kwamba uimara wa nchi kisiasa pamoja na marekebesho ya uchumi vitahakikisha ukuaji mkubwa na endelevu kwa muda wa kati na mrefu. Mahitaji ya miundombinu na makazi mapya bado ni muhimu sana kwa Tanzania. Matumizi ya saruji nchini ni ya chini sana hata kwa viwango vya Afrika. Kadri makundi makubwa ya watu yanavyoinuka kiuchumi matamano ya mahitaji makubwa ya saruji yatafikiwa.

TPCC imejiweka katika nafasi nzuri kiushindani kutokana na upanuzi wa kiwanda uliokamilika hivi karibuni na ni matumaini ya Kampuni kwamba itendelea kuwa mstari wa mbele katika kulihudumia soko kwa kulipatia bidhaa na huduma zenye ubora wa juu kabisa.

Siku za karibuni, Kiwanda kitahitaji mawechokaa zaidi ili kukidhi ongezeko la kiwango cha uzalishaji. Sehemu kubwa ya ardhi ya Kampuni jirani na machimbo inakaliwa na idadi kubwa ya wavamizi tangu mwaka 2002. Mwaka 2006, Kampuni ilishinda kesi ya muda mrefu dhidi ya wavamizi hao. Tangu hapo rufaa ya muda mrefu sana imefanya Kampuni ishindwe kurejesha ardhi yake na kutumia mawechokaa yake kikamilifu. Suala hili linabidi kuhitimishwa ili Kampuni izidi kustawi.

Soko la Mitaji:

Hisa ya TPCC imeendelea kuwa imara kwa mwaka wote wa 2009 ikianzia mwaka na bei ya shilingi 1600 na kufunga na bei ya shilingi 1640. Hivyo, thamani ya Kampuni mwishoni mwa 2009 ilikuwa Shilingi Milioni 295 ikiwa ni ongezeko la 2.5% juu ya mwaka uliopita. Kampuni ilikuwa na wamiliki 10,800 wa hisa ikilinganishwa na wamiliki 11,500 mwaka uliopita.

Gawio:

Bodi ya Wakurugenzi inapendekeza gawio la TZS.130 kwa hisa kwa mwaka 2009. Hili ni ongezeko la asilimia 86 ikilinganishwa na mwaka uliopita. Gawio lililopendekezwa ni asilimia 49 ya faida ya mwaka baada ya kodi ya mapato.

Uraia Mwema:

Kampuni inaendelea na msimamo wake wa kuendesha shughuli zake kwa misingi ya utawala bora na uraia mwema. Tunatambua na kukubali wajibu wa kutekeleza majukumu yetu kwa kushirikiana na wadau mbalimbali ikiwemo serikali katika ukuaji endelevu wa nchi, kuweka mazingira mazuri na salama ya kazi kuhakikisha utunzaji wa mazingira, kuboresha maslahi ya wafanyakazi na kuwapa wamiliki kipato cha kuridhisha. Kampuni inatoa mchango mkubwa kwa uchumi wa nchi kwa kulipa kodi stahiki, kuboresha teknolojia, viwango vya biashara vya kimataifa, mipango mbalimbali ya maendeleo ya jamii na kutekeleza shughuli yake kuu ya kuzalisha saruji kwa ujenzi wa nchi.

Uongozi:

Bwana Klaus Hvassing aliyeongoza Kampuni kwa miaka mitano iliyopita aliondoka mwishoni mwa Agosti 2009. Chini ya uongozi wake, Kampuni ilipata maendeleo muhimu na faida kuongezeka mara tano. Bwana Hvassing pia alihusika sana katika kuasisi mradi wa upanuzi na kuufanikisha. Bodi ya Wakurugenzi na mimi binafsi tunamshukuru sana kwa kazi nzuri na mchango wake kwa Kampuni. Nafasi yake imejazwa na Bwana Pascal Lesoinne ambaye hadi mwezi Septemba 2009 alikuwa Meneja wa Mradi wa Upanuzi.

Mwisho, nawashukuru Wakurugenzi wenzangu, Uongozi wa Kampuni na wafanyakazi kwa kujituma na kazi nzuri, na pia wagavi wetu, wateja na wadau wengine kwa uwajibikaji na kutuunga mkono mwaka 2009.

SECTION 2.0

Managing Director's Report

for the year ended 31st December 2009



HEIDELBERGCEMENT Group

Personnel

Competent employees are an important resource for the company. With new equipment and increased capacity, training of our employees has high priority. Over the last two years, and as part of the expansion project, Twiga Cement has increased its spending on training more than fivefold compared to previous years.

PERSONNEL EX pan sion



MANAGING DIRECTOR'S REPORT



The Company has over the past year done well in what must be characterized as a challenging environment with increased competition, uncertainty about the impact of the global recession and start of a new production line. We have focused on serving our customers better by increasing capacity and availability, reducing prices and improving our service and attention to key customer groups. We have improved operating efficiency and made progress in reducing our environmental impact.

Sales

A combination of continued high demand for cement and the added cement grinding capacity (from August 2008) benefited TPCC in 2009. Our sales and production volumes increased by approximately 28% thereby improving TPCC's market share to around 45% of the domestic market.

Our deliveries expanded throughout the country but increased particularly in the "Central corridor" (Morogoro/Dodoma/Kigoma) and in the Lake area. The removal of TPCC's capacity constraint made it possible for the Company to increase deliveries up-country. We have also re-started exports after having concentrated exclusively on the Tanzanian market over the last few years. The export volumes, however, remain very small for the time being. Deliveries to our main market area, Dar es Salaam, also grew, although more modestly. Increased competition from imported cement will require full attention in our marketing efforts.

In order to meet this new competition, and share with our customers the benefits of our expansion project, TPCC reduced its prices by 11% from early June. The investments in new capacity that we made over the past year will clearly gain the consumers both in terms of availability and price.

During 2009 we continued to improve the level of service to all our customer groups; we added new distributors to our network, expanded the bulk handling capacity, increased our sales force and organized training seminars for brick makers and other professional consumers.

Operations

The main event was the commissioning and takeover of the new clinker production line which was inaugurated by His Excellency President Jakaya Mrisho Kikwete on 8 July. The new production line has so far performed in line with our expectations with improving operating time and cost efficiency.

The very last items of the expansion project are now being completed (installation of a second reclaimer in the raw materials store, building of a new central control room and laboratory, as well as adding of another packing machine).

With the new kiln up and running, the Company decided to temporarily stop the two old kilns. Both had been operating at full capacity for the last few years and were in need of repair. The oldest of these two kilns is now undergoing major repair and will be brought back in production in the second quarter of 2010. The other kiln will be rehabilitated in 2011.

During the past year we also devoted time and resources to improve our spare parts store, reorganized our maintenance activities, and optimized cement grinding and quality controls. Extensive training on the new equipment has been carried out both "in-house" and abroad.

Financial performance

2009 was also successful in financial terms. While revenues grew by 20%, cost of sales only increased by 8%. Reduced volume of imported clinker is the main reason for this. The need to move an unusually high volume of raw materials during the construction had a negative impact on fixed production costs. Our cost containment program, however, was very successful in limiting most other cost items. Depreciation increased as a result of capitalization of the clinker line.

TPCC managed to finance most of the expansion project from its own cash flow. TPCC started the repayment of its 20 MUSD loan in June 2009 and completed the repayment by 31 December.

After an audit covering the period 2004-2006, the Tanzanian Revenue Authority (TRA) issued additional tax assessments amounting to TZS 9 billion for alleged transfer pricing practices. TPCC strongly disagrees with the TRA on this matter and has filed objections to these assessments. The legally required 1/3 deposit has been paid and is booked as other short-term operating receivables in our balance sheet.

Corporate Citizenship

In 2009 the Company supported local communities and was involved in a range of projects, particular focused on primary schools (building class rooms and providing equipment).

The Company also put in place an Environmental Management System leading to ISO 14001 certification in early 2010. We are committed to continually improve our environmental performance to the benefit of the country and its local communities.



RIPOTI YA MKURUGENZI MTENDAJI



Katika mwaka uliopita Kampuni ilifanya vizuri katika hali ya changamoto za ongezeko la ushindani, kutotabirika kwa athari za kudorora kwa uchumi wa dunia na kuanza matumizi ya mtambo mpya wa uzalishaji. Tumelenga kuwahudumia wateja wetu vizuri zaidi kwa kuongeza uzalishaji na uwepo wa bidhaa zetu, kupunguza bei na kuboresha huduma zetu na umakini kwa makundi muhimu ya wateja. Tumeboresha tija katika uendeshaji na kuendelea kupunguza athari za mazingira zinazotokana na shughuli zetu.

Mauzo:

Mchanganyiko wa kuendelea kwa mahitaji makubwa ya Saruji na pia ongezeko la uwezo wa kusaga Saruji umeifanya Kampuni ifaidike mwaka 2009. Mauzo yetu na uzalishaji vimeongezeka kwa takriban asilimia 28 na hivyo kuongeza sehemu ya soko la TPCC hadi kufikia asilimia 45 ya soko la ndani.

Usambazaji ulienea nchi nzima lakini uliongezeka zaidi maeneo ya ukanda wa kati (Morogoro, Dodoma, Kigoma) na katika Kanda ya Ziwa. Kuondosha kikwazo cha uzalishaji kumeifanya Kampuni kuongeza usambazaji mikoani. Tumeanza tena kuuza Saruji nje ya nchi baada ya kutoa uzito kwenye soko la ndani kwa miaka kadhaa iliyopita. Kiasi cha mauzo nje, hata hivyo ni kidogo sana. Usambazaji katika soko letu kuu, Dar es Salaam pia uliongezeka kiasi. Ongezeko la saruji kutoka nje ya nchi ni tishio linalohitaji kushughulikiwa kikamilifu katika siku za usoni.

Ili kumudu ushindani mpya na ili kugawana faida ya kuingiza mtambo mpya kwenye uzalishaji na wateja wetu, Kampuni ilipunguza bei ya

saruji kwa wateja wote kwa asilimia 11 mwanzoni mwa mwezi Juni 2009. Hapana shaka uwekezaji katika mtambo mpya uliofanyika mwaka uliopita utawanufaisha walaji kwa kuwepo kwa Saruji na bei nzuri pia.

Mwaka 2009 tuliendelea kuboresha viwango vya huduma zetu kwa makundi yote ya wateja wetu, tuliongeza wasambazaji wapya kwenye mtandao wetu, tuliongeza uwezo wa kusambaza kwa mitungi na kuongeza wafanyakazi wa idara ya mauzo na kuratibu semina kwa ajili ya watengenezaji matofali na walaji wataalamu.

Uendeshaji:

Tukio kubwa upande wa uzalishaji lilikuwa uzinduzi na Kampuni kukabidhiwa mtambo mpya wa kuzalisha klinka. Mtambo mpya ulizinduliwa na Rais Jakaya Kikwete tarehe 8 Julai 2009. Mtambo mpya umefanya kazi kwa ufanisi kuliko ilivyotarajiwa kwa nusu mwaka ya kwanza ya kuendesha na kuongeza imani yangu kwamba pamoja na kupanua uzalishaji utaongeza tija katika uendeshaji, kwa maana ya

muda wa uendeshaji na matumizi ya nishati na mali ghafi.

Baadhi ya vifaa havijakamilika katika mradi wa upanuzi. Hivi sasa tunajenga mtambo mpya wa kuchanganya malighafi, chumba cha uendeshaji mitambo na maabara. Hali kadhalika mkataba kwa ajili ya mtambo mwingine wa upakizi umetiwa saini.

Baada ya tanuru jipya kuanza kazi Kampuni ilisimamisha matanuru mawili ya zamani kwa muda. Yote yalifanya kazi kwa uwezo wote kwa miaka michache iliyopita na inahitaji ukarabati. Tanuru la zamani zaidi kati ya haya mawili linafanyiwa ukarabati na litaanza uzalishaji katika robo mwaka ya pili 2010. Tanuru lililobaki litafuatia mwaka 2011 baada ya kukarabatiwa.

Mwaka uliopita pia tulitumia muda na fedha kuboresha ghala letu la vipuli, tukabadili muundo wa idara ya matengenezo kuboresha uwezo wa kupanga na kuweka mkazo kwenye uhandisi kinga, kuboresha usagaji wa Saruji na uthibiti ubora. Mafunzo mengi yamefanywa kwa ajili ya mtambo mpya kiwandani na nje ya nchi.

Ufanisi Kifedha:

Mwaka 2009 umekuwa pia wa mafanikio kifedha. Mauzo yaliongezeka kwa 20% wakati gharama za mauzo ziliongezeka kwa 8% tu. Kupungua kwa uagizaji Klinka kutoka nje ndiyo sababu kubwa ya matokeo haya. Kuelekea mwisho wa ujenzi na mwanzo wa uzinduzi wa tanuru jipya, Kampuni ililazimika kuhamisha kiasi kikubwa cha malighafi na Saruji kuingia na kutoka Kiwandani. Kazi hii ilifanywa na kandarasi toka nje. Udhhibiti wetu wa gharama hata hivyo ulikuwa uliofanikisha kwa kiwango kikubwa kudhibiti gharama za mauzo na utawala ambazo zililidana na mfumuko wa bei. Gharama za uchakavu ziliongezeka kutokana na kurasimisha gharama za ujenzi wa tanuru.

Kampuni ilimudu kugharamia sehemu kubwa ya upanuzi kutokana na fedha zake. Ni kiasi cha dola milioni 20 tu za Marekani zilizo hitajika kutoka nje. Kampuni ilianza kulipa mkopo huo mwezi Juni 2009 na ilimaliza kuulipa mwishoni mwa 2009. Hali ya Kampuni kifedha ni imara sana.

Kampuni imesheheni vipuli kwa ajili ya mtambo mpya kwani vipuli vingi vya mtambo mpya haviingiliani na ya zamani. Hii pamoja na kuuza kwa mkopo kumeongeza sana mtaji. Baada ya ukaguzi kwa miaka

2004-2006, Mamlaka ya Mapato Tanzania (TRA) iliitoza Kampuni kodi ya ziada inayofikia TZS. Bilioni 9 kwa ajili ya kile walichoita kuhamisha bei (transfer pricing). Kampuni haikubaliani na TRA katika suala hilo na imeshapinga ongezeko hilo. Malipo ya theluthi moja kisheria kama amana imewekwa kwenye madeni ya muda mfupi ya uendeshaji kwenye mizania yetu na hivyo kuathiri mtaji wetu.

Uraia mwema:

Katika mwaka 2009 Kampuni pia imekuwa na mazungumzo na jumuiya ya wananchi jirani kuangalia namna inavyoweza kusaidia kuboresha maisha yao. Tumeshiriki miradi mbalimbali tukitilia mkazo kusaidia shule za msingi kwa kujenga vyumba vya madarasa, vyoo na pia kuwapa madawati na mahitaji mengine ya shule.

Mwaka 2009, Kampuni imetekeleza Mfumo wa Udhhibiti wa Mazingira na kutuwezeshwa kupata Hati ya Uthibitisho wa kuwa na mfumo unaojali mazingira chini ya Shirika la Kimataifa la Viwango ISO 14001. Tumedhamiria kuendelea kutunza na kuboresha mazingira kwa faida yetu wenyewe, jamii inayotuzunguka na nchi kwa ujumla.



UES 3.0

Board of Directors

for the year ended 31st December 2009



HEIDELBERGCEMENT Group

Distribution

Our 24 dedicated and loyal distributors are strategically located in all parts of the country. The cement volume sold through our distributor network as well as directly to customers increased by 28% in 2009.

We have arranged seminars for block makers and distributors to improve end-product quality and to support every link in our distribution chain.

DISTRIBUTION
EX
pan
sion



BOARD OF DIRECTORS



The TPCC Board of Directors. From left to right: Mr. George Fumbuka, Mr. Jean-Marc Junon, Mr. William A. Mlaki and Mr. Ola Schippert. (Others not present in the picture are Mr. Daniel Gauthier and Mr. Pascal Lesoinne.)

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

Mr. Jean-Marc Junon has been 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 posts, 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 2004 he has been COO for HeidelbergCement Africa. Mr. Junon chairs or sits on the boards of several other companies in the Group.

Mr. Pascal Lesoinne, Belgian
(Civil Eng. Energy, B.Sc. in Mechanical and Electrical Engineering)

Mr. Pascal Lesoinne was appointed Managing Director of TPCC and Area Manager for East Africa in September 2009. He entered HeidelbergCement in 1996 as Maintenance Manager of the

CBR Lixhe plant in Belgium. He held various positions in CBR and HeidelbergCement TEAM organization, from Maintenance to Production Management and Project Management. Being responsible for the Expansion Project at TPCC since 2007, Mr. Lesoinne successfully completed this assignment in 2009.

Mr. William A. Mlaki, Tanzanian
(M.Sc Degree in Industrial and Agro-Industrial Management, and BA (Hons) in Economics)

Mr. William A. Mlaki is currently the Executive Director of Apex Business Links after retiring as the Managing Director of Tanzania Investment Bank Limited since May 2009. Before he became the bank's CEO Mr. Mlaki held other senior positions, first as Director of Planning and Development and then as Director of Portfolio Monitoring and Supervision. He is also Chairman of the Board of Directors of PTA Bank (Eastern and Southern African Trade and Development Bank) and a Director of the Board of Trustees of the SADC Development Finance Resource Centre based in Gaborone, Botswana.

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

Since 1990 he is Director and CEO 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 a Board Member at Ngorongoro Conservation area Authority and is sitting on the Ministerial Advisory Board - RIA and the Governing Council of the Dar es Salaam Stock Exchange.

Mr. Daniel Gauthier, Belgian
(Civil Eng. Mining, Master Degree in Management, Civil Engineer)

Mr. Gauthier has 28 years experience in the cement industry. He is a member of the Managing Board of the HeidelbergCement Group

and 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 Plytech 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 the Science. He is also Board Member of HeidelbergCement Northern Europe (Sweden), Akçansa (Turkey), and CCC (China).

Mr. Ola Schippert, Swedish
(Master of Business Administration)

Mr. Ola Schippert is currently Senior Vice-President with responsibility for Finance and IT at HeidelbergCement Africa. He began his career with a Swedish Chartered Accountant firm in 1984 where he worked for four years, in the last years as Audit Manager. In 1988 he joined the Scancem Group as Controller at the Head Office in Malmo, Sweden. He has since then held various management positions in Europe, Africa and Asia; first in Scancem Group and later in HeidelbergCement Group. He was in 2006 appointed to his current position as Senior Vice-President in HeidelbergCement Africa. He was appointed to the Board of TPCC and as Chairman of the company's Audit Committee in January 2008.

BODI YA WAKURUGENZI



Bodi ya wakurugenzi wa TPCC. Kutoka kushoto kwenda kulia: Bw. George Fumbuka, Bw. Jean-Marc Junon, Bw. William A. Mlaki na Bw. Ola Schippert. (Wasio kuwepo kwenye picha ni Bw. Daniel Gauthier na Bw. Pascal Lesoinne.)

Bw. Jean-Marc Junon, Mfaransa (Digrii 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, mipongo mkakatia ya kibiashaara na maendeleo. Alipanda ngazi hadi

kufikia cheo cha Meneja Maendeleo ya Biashara kanda ya Asia Kusini Mashariki na China taba 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.

Mr Pascal Lesoinne, Belgian (Civil Eng.Energy, B.Sc. in Mechanical and Electrical Engineering)

Bw. Pascal Lesoinne aliteuliwa mwezi Septemba 2009 kuwa Mkurugenzi Mtendaji wa TPCC na Meneja wa Kanda ya Afrika Mashariki ya HeidelbergCement. Alijiunga na HeidelbergCement mwaka 1996 akiwa na wadhifa wa Meneja Matengenezo katika Kiwanda cha CBR Lixhe nchini Ubeljiji. Amewahi kushika nyadhifa mbalimbali katika Kampuni ya CBR na HeidelbergCement Kanda ya Uturuki-Ulaya-Afrika-Mediterrania katika nyanja za Matengenezo, Uzalishaji na Usimamiaji Miradi. Kabla ya kuteuliwa kushika wadhifa alionao sasa, alikuwa Msimamizi Mkuu wa ujenzi wa Kiwanda kipya cha saruji hapa TPCC; kazi ambayo alikamilisha kwa mafanikio makubwa mwaka 2009.

Bw. William Mlaki, Mtanzania (Shahada ya Uzamili ya Sayansi katika Uongozi wa Viwanda na Viwanda vya Kilimo)

Bw. Mlaki ni Mkurugenzi Mtendaji wa Apex Business Links baada ya kustaafu kama Meneja Mkuu wa Benki ya Rasimali Tanzania (TIB) tangu Mei 2009. Ameshika nyadhifa mbalimbali katika TIB tangu 1972 (Afisa Mwandamizi, Mkurugenzi wa Mipango na Maendeleo na Mkurugenzi wa Usimamizi na Ufuatilaji). Yeye pia ni Mwenyekiti wa Bodi ya Wakurugenzi ya PTA Bank (Eastern and Southern African Trade and Development Bank).

Bw. George Fumbuka, Mtanzania (Shahada ya Uzamili katika Usimamizi wa Fedha ya Chuo Kikuu cha Strathclyde Business School, ACCA)

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) (1976-81). Ni mjumbe wa Bodi katika Mamlaka ya Hifadhi ya Ngorongoro na yupo katika Bodi ya Ushauri ya Wizara - RIA na Baraza la Utawala la Soko la Hisa la Dar es Salaam.

Bw. Daniel Gauthier, Mbeligiji (Mhandisi Ujenzi - Madini, Digrii ya Uzamili katika Uongozi, Mhandish Ujenzi)

Miaka 28 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, Africa, Med-East, and Trading. Ni Raisi na Afisa Mkuu Mtendaji wa CBR S.A., Raisi wa European Cement Research Association, Raisi wa Plytech Mons Alumni, Mjumbe wa Bodi wa LVI (Carmeuse Group), Mjumbe wa Bodi wa Cembureau na Mjumbe wa Kamati ya the Science Academy of Belgium for the Application of the Science. Pia ni Mjumbe wa Bodi ya HeidelbergCement Northern Europe (Sweden); Akçansa (Turkey), CCC(China).

Bw. Ola Schippert, Mswedi (Digrii ya Uzamili katika Utawala)

Bw. Ola Schippert ni Makamu wa Raisi Mwandamizi anayehusika na Fedha na IT katika HeidelbergCement Africa. Alianza na Kampuni moja ya Uhasibu nchini Sweden mwaka 1984 ambapo alifanya kazi kwa miaka 4 akimalizia kama Meneja wa Ukaguzi wa Hesbu. Maka 1988 alijiunga na Kundi la Scancem kama Mdhhibiti huko makao makuu yaliyopo Malmo, Sweden. Tangu hapo ameshika nyadhifa mbalimbali za uongozi Ulaya, Africa na Aia kwanza na Kundi la Scancem na baadaye na kundi la HeidelbergCement. Mwaka 2006 aliteuliwa kushika wadhifa alio nao sasa. Mwezi Januari 2008 aliteuliwa kuwa mkurugenzi katika Bodi ya Wakurugenzi TPCC na pia Mwenyekiti wa kamati ya Ukaguzi ya TPCC.

SEC 4.0

Company Information

for the year ended 31st December 2009



HEIDELBERGCEMENT Group

Products

Twiga Cement offers two types of high quality cement. Twiga Extra is the dominant brand in the country representing 90% of our production. Both cement qualities can be delivered in 50kg bags, in big bags of 1.5 tonnes each, or as bulk. We ensure efficient handling and transport to large contractors and real estate companies using our bulk transport and mobile silos.

PRODUCT EXPANSION



COMPANY INFORMATION

Principal place of business

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

Bankers

Standard Chartered Bank (T) Limited
P.O. Box 9011
Dar es Salaam

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

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

National Bank of Commerce (T) Limited
Mwere Branch
P.O. Box 631
Morogoro

Stanbic Bank (T) Limited
Main Branch
P.O. Box 72647
Dar es Salaam

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

Solicitors

Law Associates (Advocates)
CRDB Building, Wing B

Azikiwe Street
P.O. Box 11133
Dar es Salaam

FK Law Chambers
FK House
Plot No. 23, Ocean Road
Sea View
P.O. Box 20787
Dar es Salaam

Felix S. Mbuya
Al Noor Hotel
Uhuru Street
P.O. Box 6851
Dar es Salaam

Company Secretary

Mr. Elieneza Amon
P.O. Box 1950
Dar es Salaam

Tax Advisors

Paul Clem & Associates
Nexia International
P. O. Box 4082
Dar es Salaam

KPMG
P.O. Box 1160
Dar es Salaam

Company Auditors

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

Eneo la shughuli za kampuni

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

Benki

Benki ya Standard Chartered (T) Limited
P.O. Box 9011
Dar es Salaam

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

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

National Bank of Commerce (T) Limited
Tawi la Mwere
P.O. Box 631
Morogoro

Benki ya Stanbic (T) Limited
Main Branch
P.O. Box 72647
Dar es Salaam

Benki ya CRDB (T) Limited
Tawi la PPF Tower
P.O. Box 268
Dar es Salaam

Mawakili

Law Associates (Advocates)
Jengo la CRDB, Wing B

TAARIFA MUHIMU ZA KAMPUNI

Mtaa wa Azikiwe
P.O. Box 11133
Dar es Salaam

FK Law Chambers
FK House
Kiwanja Na. 23, Ocean Road
Sea View
P.O. Box 20787
Dar es Salaam

Felix S. Mbuya
Al Noor Hotel
Mtaa wa Uhuru
P.O. Box 6851
Dar es Salaam

Katibu wa kampuni

Mr. Elieneza Amon
P.O. Box 1950
Dar es Salaam

Washauri wa maswala ya kodi

Paul Clem & Associates
Nexia International
P. O. Box 4082
Dar es Salaam

KPMG
P.O. Box 1160
Dar es Salaam

Wakaguzi wa hesabu za kampuni

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

US 5.0

Director's Report

for the year ended 31st December 2009

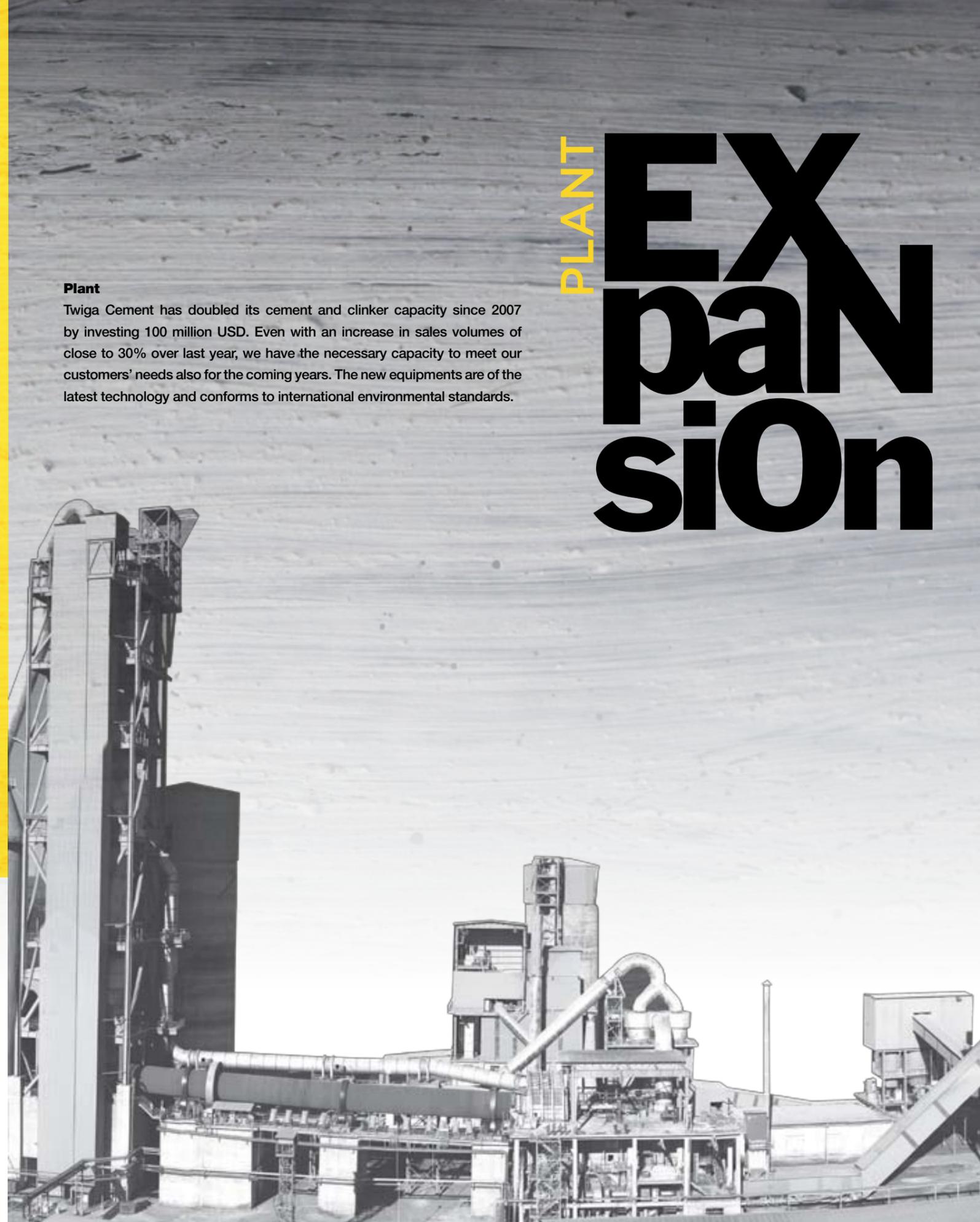


HEIDELBERGCEMENT Group

Plant

Twiga Cement has doubled its cement and clinker capacity since 2007 by investing 100 million USD. Even with an increase in sales volumes of close to 30% over last year, we have the necessary capacity to meet our customers' needs also for the coming years. The new equipments are of the latest technology and conforms to international environmental standards.

PLANT EX pan sion



DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The directors have the pleasure in submitting their report, together with the audited financial statements of the Company for the year ended 31 December 2009.

1. Principal Activities

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

2. Directors

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

a. Mr. Jean-Marc Junon	French	Chairman
b. Mr. Klaus Hvassing	Norwegian	Director (Resigned on 31 August 2009)
c. Mr. Pascal Lesoinne	Belgian	Director (Appointed on 1 September 2009)
d. Mr. William Mlaki	Tanzanian	Director
e. Mr. George Fumbuka	Tanzanian	Director
f. Mr. Daniel Gauthier	Belgian	Director
g. Mr. Ola Schippert	Swedish	Director
h. Mr. Arne J. Selen	Norwegian	Alternate to Mr. Daniel Gauthier

With the exception of Mr. Klaus Hvassing and Mr. Pascal Lesoinne, both Managing Directors, all other directors are nonexecutive.

3. Director's Interest In The Shares Of The Company

	<i>Number of shares</i>
Mr. William Mlaki	49,927

4. Directors' Remuneration

During the year, the Company paid a total of TZS 68,172,000 (2008: TZS 46,883,000) for services rendered as directors of the Company and members of the Audit Committee.

5. Review Of The Business

The Company recorded an increase in sales volume by 28% from 2008 to 2009. The production of clinker increased by 45% over the same

period. The main section of the expansion project, the new clinker line, was taken over and put in regular production in July 2009. The two old clinker lines were temporarily taken out of production from the same time. The operating result is shown on page 11 of these financial statements.

6. Future Prospects of the Company

The cement demand in Tanzania and in the East-African region has been growing steadily over the last years; this despite the global financial crisis and worldwide economic downturn. With increasing prosperity and a pent up need for housing and infrastructure cement demand in the region will likely continue on a healthy level. Having invested in expanded capacity, the directors believe the Company is well placed to meet this growing demand.

7. 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 internationally accepted accounting principles.

8. Related Party Transactions

The Company imports raw materials, spare parts and consumables on an arms-length basis from Scancem International ANS that owns 69.25% equity stake in the Company. Details of related party transactions are shown in note 29 of the financial statements.

9. Environmental Matters

Extensive rehabilitation of the two kilns and overhaul of other equipment during the period 2002 – 2006 have had a major impact in reducing dust emissions. Bag filters were installed for all the three mills and the packing machines in 2005 and 2006. An Environmental Management System has been prepared and put in place during 2008 and 2009. The Company received its ISO14001 certification in early 2010.

10. Major Events

- a. The demand for cement continued to grow in Tanzania in 2009. TPCC's cement sales and production volumes again reached all-time highs.
- b. TPCC reduced its selling prices by around 11% (25,000 TZS/ton) from early June 2009.
- c. The Company completed repayment of the loan contracted to finance the expansion project. Last installment was made in December 2009.
- d. The expansion project remained on schedule and within budget. The cement grinding and packing plant (section 2 of the project) was put in production in August 2008. The clinker plant was formally taken over in July 2009, thereby increasing the Company's clinker capacity from around 400,000 tones per year to 1,150,000 tones per year. Cement grinding capacity is 1,400,000 tones per year.
- e. After the Company in October 2006 won the case brought against 933 trespassers occupying the Company's land, the extraordinary lengthy appeal process was still not concluded by the end of 2009. The Company is therefore still prevented from repossessing the land. Necessary expansion of the quarry operation is pending the outcome of the appeal process.
- f. The Tanzania Revenue Authority (TRA) issued additional tax assessments covering 2005 and 2006 to compensate for alleged transfer pricing practices. The additional assessments amounted to about TZS 9 billion. The Company has filed objections to the assessments. The objections are still pending with TRA.
- g. Contrary to earlier promises, the Government completely removed the suspended duty on imported cement in July 2008, leaving the Tanzanian cement manufacturers vulnerable to imported cement at dumping prices. The policy communicated by the Government to the Company before it decided to invest in the expansion project was that the suspended duty would only be gradually reduced (by 5 percentage points per year) down to 25% in

2010 and would remain unchanged thereafter. As a consequence of the government's decision, imported cement has continued to gain market share in 2009.

11. Employee Welfare

a. Relationship between management and employees

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. The current agreement covers the period 2009 – 2010.

b. Medical facilities

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

c. Industrial safety

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.

d. Training

The Company's ongoing training activities continued in 2009 and these activities have been coordinated with the activities of the expansion project.

e. Emoluments

Salary levels are adjusted annually within the Company's means after negotiations between TUICO and management. The 2009 increments were agreed in December 2008. During the year under review, all employees under contract had income levels of TZS 3.6 million (2008: TZS 3 million) per annum or more.

f. Employee benefits

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 gross salary to NSSF on behalf of all permanent employees. Retirement

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

benefits payable under the Parastatal Pension Scheme are supplemented by an endowment scheme, the cost of which is fully met by the Company and is calculated at 10% of the employee's salary.

g. Disabled persons

It is Company policy to give equal opportunities to disabled persons for vacancies they are able to fill.

12. Corporate Governance

a. Code of Corporate Practice and Conduct

Tanzania Portland Company Limited 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.

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 is assisted in the discharge of its responsibilities related to financial reporting, compliance, risk management, accounting and management information systems 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.

c. 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.

d. Risk management and internal control

The Company's organization 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 visits by the internal audit function of the main shareholder.

e. Business ethics and organizational integrity

The issue of good governance and ethical conduct is 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 behavior to its stakeholders.

f. 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.

13. Donations

During the year under review, the Company made donations and other contributions of a charitable nature valued at about TZS 210 million (2008: TZS 160 million). There were no political donations.

14. Dividends

The directors recommend payment of TZS 23.4 billion (TZS 130 per share) to shareholders as first and final dividend out of retained earnings. 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 proposed dividend is an increase of 86% compared to last year's dividend and represents 49% of the net result for the year.

15. Subsequent Events

There are no subsequent events that have occurred which are either to be disclosed or to be adjusted in the financial statements that could materially affect the financial statements.

16. Share Capital

The total issued share capital of the Company amounts to 179,923,100 ordinary shares (2008: 179,923,100 ordinary shares). There is no change in the issued share capital.

The shareholding of the Company as at 31 December 2009 is as stated below:

Name	2009 % Share holding	2008 % share holding
Scancem International Ans	69.25	69.25
Parastatal Pension Fund	3.13	3.13
Public Service Pension Fund	2.69	2.07
Aunali F. Rajabali	2.34	1.83
Sajjad F Rajabali	2.23	1.75
Umoja Unit Trust Scheme	0.89	0.89
Wazo Hill Saccos	0.83	0.83
Cypy Massawe	0.56	0.47
National Social Security Fund	0.54	0.54
Sayed, Basharat, Mehboob, Khalid, Muzammil	0.43	0.40
Remaining General Public	17.12	18.84
	100.00	100.00

17. 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 shares of the Company were continuously traded in the secondary market through auctions organized by Dar es Salaam Stock Exchange (DSE). In the year 2009 the performance of the Company's shares in the secondary market was as follows: Market capitalization as at 31 December 2009 was TZS 295.1 billion (2008: TZS 287.9 billion).

Share price prevailing as at 31 December 2009 was TZS 1,640 per share, up from TZS 1,600 one year earlier (IPO price TZS 435 per share)

18. Auditors

Ernst & Young were the Company's auditors for the year 2009. They have expressed their willingness to continue as auditors and are eligible for reappointment. A resolution proposing the re-appoint of Ernst & Young as auditors of the Company for year 2010 will be put to the Annual General Meeting. By order of the Board

Jean-Marc Junon,
Chairman of the Board



25th March 2010

George Fumbuka,
Director



25th March 2010

TAARIFA YA WAKURUGENZI KWA MWAKA ULIOISHIA 31 DESEMBA 2009

Wakurugenzi wanayo furaha kuwasilisha taarifa yao pamoja na hesabu zilizokaguliwa kwa mwaka ulioishia 31 Desemba 2009.

1. Shughuli kuu

Shughuli kuu ya Kampuni ni uzalishaji, usambazaji na uuzaji wa saruji.

2. Wakurugenzi

Wajumbe wa Bodi ya Wakurugenzi wakati huu ambao wamekuwa wajumbe katika kipindi chote cha mwaka 2009 isipokuwa inapoonyeshwa vinginevyo hawa:

a. Bw. Jean-Marc Junon	M faransa	Mwenyekiti
b. Bw. Klaus Hvassing	Mnorwei	Mjumbe (Alijuzulu 31 Agosti 2009)
c. Bw. William Miaki	Mtanzania	Mjumbe
d. Bw. Pascal Lesoinne	Mbelgiji	Mjumbe (Aliteuliwa 1 Septemba 2009)
e. Bw. George Fumbuka	Mtanzania	Mjumbe
f. Bw. Daniel Gauthier	Mbelgiji	Mjumbe
g. Bw. Arne J. Selen	Mnorwei	Mjumbe (Mbadala wa Daniel Gauthier)
h. Bw. Ola Schippert	Mswedi	Mjumbe

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

3. Wakurugenzi Wanahisa

	<i>ana hisa</i>
Bw. William Mlaki	49,927

4. Malipo kwa Wakurugenzi

Kampuni lililipa jumla ya TZS 68,172,000 (2008: TZS 46,883,000) kwa huduma zilizotolewa na Wakurugenzi na wajumbe wa Kamati ya Ukaguzi.

5. Tathmini ya Biashara

Mauzo mwaka 2009 yaliongezeka kwa asilimia 28 ikilinganishwa na mwaka 2008. Uzalishaji wa klinka uliongezeka kwa asilimia 45 katika kipindi hicho. Tanuru ambalo ndilo sehemu kubwa ya mradi wa upanuzi wa kiwanda lilikabidhiwa kwetu na kuanza uzalishaji mwezi

Julai. Wakati huo huo matanuru mawili ya zamani yalisimamishwa kwa muda. Taarifa kamili ya mapato kwa mwaka husika inapatikana ukurasa wa X wa taarifa ya hesabu.

6. Matarajio ya Kampuni kwa siku zijazo

Mahitaji ya saruji nchini na eneo lote la Afrika Mashariki yamekuwa yakiongezeka kwa miaka ya karibuni licha ya mparanganyiko wa uchumi wa dunia na kudorora kwa uchumi duniani kote. Jinsi nchi inavyozidi kustawi na mahitaji ya makazi na miundo mbinu katika eneo hili mahitaji yatazidi kukua. Baada ya kuwekeza kwenye kupanua uzalishaji Wakurugenzi wanaamini kwamba wako katika nafasi nzuri ya kukidhi mahitaji hayo yanakua.

7. Uwezo wa Kulipa

Wakurugenzi wamefanya tathmini ya kina juu ya hall ya kifedha ya Kampuni ikiwa ni pamoja na madeni ya muda mrefu na muda mfupi. Kwa misingi ya tathmini hii ambayo imefanywa 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.

8. Shughuli za Biashara na Makampuni yenye Uhusiano

Kampuni huagiza malighafi, vipuri na mahitaji mengine ya uzalishaji kwa bei ambazo hufikiwa kwa misingi ya kawaida ya biashara, kutoka Scancem International ANS ambayo inamiliki asilimia 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 hesabu.

9. Masuala ya Mazingira

karabati mkubwa wa mitambo ya uzalishaji ambao umefanyika kati ya mwaka 2002 hadi 2006 umesaidia sana kupunguza kutimka kwa vumbi hapa kiwandani. Vichujo viliwekwa katika vinu vyote vitatu na mitambo ya upakizi mwaka 2005 na 2006. Mfumo wa uongozi unaozingatia hifadhi ya mazingira umetayarishwa na kutekelezwa mwaka 2008 na 2009. Mfumo ulithibitishwa kwenye kiwango cha ISO 14001 mapema mwaka 2010.

10. Matukio Muhimu

- Soko la saruji nchini Tanzania liliendelea kukua katika mwaka 2009. Kwa mara nyingine Kampuni iliweza kuzalisha na kuuza saruji nyingi kuliko wakati wowote katika historia yake.
- Kampuni ilipunguza bei ya saruji kwa asilimia 11 (TZS 25,000 kwa tani) mapema mwezi Juni.
- Kampuni ilikamilisha marejesho ya mkopo iliyochukua kwa ajili ya mradi wa upanuzi. Malipo ya mwisho yalifanyika Desemba 2009
- Mradi wa upanuzi wa kiwanda uliendelea kama ilivyopangwa na kwa gharama kama zilivyo kwenye bajeti. Mtambo mpya wa kusaga na kupakia saruji (sehemu ya pili ya mradi) ulianza uzalishaji mwezi Agosti 2008. Kampuni ilikabidhiwa tanuru rasmi Julai 2009 na hivyo kuongeza uzalishaji wa klinka kutoka tani takriban 400,000 kwenda tani 1,150,000 kwa mwaka. Uwezo wa kusaga ni tani 1,400,000 kwa mwaka.
- Baada ya Kampuni kushinda kesi dhidi ya wavamizi 933 wa eneo la kiwanda mwaka 2006, mmlolongo mrefu wa rufaa waliyokata wavamizi haujakamilika hadi mwishoni mwa 2009. Hivyo Kampuni haijaweza kurejesha eneo hilo. Upanuzi muhimu wa machimbo unasubiri matokeo ya rufaa hiyo. Kinyume na ahadi za awali, Serikali iliondoa kabisa ushuru wa ziada kwa saruji inayoagizwa nje, hivyo kuwaaacha wazalishaji saruji nchini na tishio la saruji inayoagizwa nje kwa bei ya kutupa. Sera iliyotamkwa na Serikali kwa Kampuni kabla ya kuamua kuwekeza kwenye mradi wa upanuzi ilikuwa kwamba ushuru wa ziada ungepunguzwa kidogo kidogo (kwa asilimia 5 kwa mwaka) hhadhi kufikia asilimia 25 mwaka 2010 na kubakia kwamba haingepungua tena baada ya hapo. Kutokana na uamuzi huo wa Serikali, soko la saruji toka nje limeedelea kukua mwaka 2009.
- Mamlaka ya Mapato Tanzania (TRA) iliitoza kampuni kodi ya ziada kwa miaka 2005 na 2006 kwa kile walichokiita uhamishaji bei (transfer pricing). Ongezeko la kodi ni takriban TZS bilioni 9. kampuni imepinga ongezeko hilo. Pingamizi bado liko TRA.

- Contrary to earlier promises, the Government completely removed the suspended duty on imported cement in July 2008, leaving the Tanzanian cement manufacturers vulnerable to imported cement at dumping prices. The policy communicated by the Government to the Company before it decided to invest in the expansion project was that the suspended duty would only be gradually reduced (by 5 percentage points per year) down to 25% in 2010 and would remain unchanged thereafter. As a consequence of the government's decision, imported cement has continued to gain market share in 2009.

11. Ustawi wa wafanyakazi

- Uhusiano kati ya Uongozi na Wafanyakazi**
Uhusiano kati ya uongozi na wafanyakazi unalindwa na mkataba wa hiari kati ya Kampuni na Chama cha Wafanyakazi wa Viwanda na Biashara (TUICO). Mkataba uliopo kwa sasa ni kwa kipindi cha 2009-2010.
- Huduma za Matibabu**
Huduma za matibabu hutolewa bure kwa wafanyakazi na familia zao.
- Usalama Viwandani**
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.
- Mafunzo**
Shughuli za mafunzo zimekuwa zikiendelea mwaka 2009 na shughuli hizo zimeunganishwa na shughuli za upanuzi.
- 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 2009 vilikubaliwa mwezi Desemba 2008. Katika Mwaka husika, wafanyakazi wote wa mikataba walikuwa na mishahara isiyopungua TZS milioni 3.6.

TAARIFA YA WAKURUGENZI KWA MWAKA ULIOISHIA 31 DESEMBA 2009

f. Mafao ya Wafanyakazi

Wafanyakazi wa kudumu ni wanachama wa Mfuko wa Pansheni wa Mashirika ya Umma (PPF) wakati wale wenye mikataba ya muda maalumu ni wanachama wa Mfuko wa Hifadhi ya Jamil (NSSF). Kampuni huchangia asilimia 15 ya mshahara kwa kila mwanachama wa PPF na asilimia 10 ya jumla ya mshahara na marupurupu mengine kwa kila mwanachama wa NSSF. Pamoja na kuchangia kwenye hii mifuko miwili, Kampuni inaugharamia mpango wa tatu wa pensheni kwa ajili ya kuboresha mafao ya uzeeni ya wafanyakazi wote kwa kuchangia asilimia 10 ya mshahara wa kila mfanyakazi.

g. Walemavu

Sera ya Kampuni ni kutoa fursa sawa kwa walemavu kwa nafasi wanazoweza kuzijaza.

12. Utawala Bora

a. Kanuni za utawala Bora

Kampuni inafuata kanuni za utawala bora na Bodi ina ona kwamba Kampuni inatimiza kanuni za utawala bora.

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 kutekeleza majukumu yake kuhusiana na kutoa ripoti za fedha, utekelezaji matakwa ya mamlaka mbalimbali, udhibiti wa maeneo hatari mifumo ya kahasibu na taarifa Bodi inasaidiwa na Kamati ya Ukaguzi. Kamati hiyo inaongozwa na mmoja wa wakurugenzi wasio watendaji. Mikutano ya kamati inafanyika mara kadhaa na inahudhuriwa na viongozi waandamizi na wakaguzi wa kampuni inapobidi.

c. 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 zinahusishwa na ufanisi wa kampuni na ufanisi wa mfanyakazi kulingana na malengo yaliyowekwa.

d. Udhibiti 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 taratibu, utoshelevu wa udhibiti wa ndani, usimamizi wa maeneo hatarishi na uwezekano wa kuboresha utendaji. Pia Kampuni inafaidika ukaguzi wa ndani unaofanywa mara kwa mara na wakaguzi kutoka kwa mwanahisa mkuu.

e. Maadili ya biashara na ukamilifu wa muundo

Suala la utawala bora na uadilifu ni muhimu kuonekana kwa wadau na wanahisa kwa kampuni iliyoorodheshwa kwenye soko la hisa. Kampuni imedhamiria kuhakikisha kwamba maadili na mienendo ya kitaalamu vinazingatiwa wakati wote. Kampuni imetayarisha miongozo ya maadili kwa wafanyakazi wake ili kupunguza gharama za ukosefu wa maadili kwa wadau wake.

f. Kutoa taarifa za uongozi, kutoa taarifa za fedha na ukaguzi

Kampuni imeandaa utaratibu wa kutoa taarifa za uongozi ambazo zinajumuisha uandaaji mipango mkakati na bajeti za mwaka. Taarifa za faida halisi hutolewa kila mwezi zillilinganishwa na 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.

13. Misaada

Mwaka 2009, Kampuni ilitoa misaada na michango ya hisani yenye thamani ya TZS 210 milioni (2008: TZS 160 milioni). Hapakuwa na misaada ya kisiasa

14. Gawio

Wakurugenzi wanapendekeza gawio la TZS 23.4 bilioni (TZS 130/hisa) kwa wanahisa wake kama gawio la kwanza na la mwisho kutokana na faida iliyopatikana. Pendekezo hili limezingatia hali

ya fedha ya kampuni na mahitaji ya baadaye miradi ya uboreshaji. Kiwango kilichopendekezwa ni ongezeko la asilimia 86 juu ya gawio la mwaka jana na ni asilimia 49 ya faida ya mwaka 2009.

15. Matukio ya baadaye

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

16. Mtaji wa hisa

Jumla ya mtaji wa hisa ulitolewa ni hisa za kawaida 179,923,100 (2008: hisa 179,923,100). Mtaji wa hisa haukubadilika.

Mgawanyo wa hisa za Kampuni mnamo 31 Desemba 2009 ni kama ifuatavyo:

Jina	2009 Asilimia	2008 Asilimia
Scancem International Ans	69.25	69.25
Parastatal Pension Fund	3.13	3.13
Public Service Pension Fund	2.69	2.07
Aunali F. Rajabali	2.34	1.83
Sajjad F Rajabali	2.23	1.75
Umoja Unit Trust Scheme	0.89	0.89
Wazo Hill Saccos	0.83	0.83
Cypy Massawe	0.56	0.47
National Social Security Fund	0.54	0.54
Sayed, Basharat, Mehboob, Khalid, Muzammil	0.43	0.40
Remaining General Public	17.12	18.84
	100.00	100.00

17. Taarifa ya Soko la Mitaji

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 kila wakati kwenye minada inayoratibiwa na Soko la Mitaji la Dar es Salaam. Mwaka 2009 hali ya hisa zetu kwenye soko la mitaji ilikuwa hivi: Thamani ya Kampuni mnamo 31 Desemba 2009 ilikuwa TZS 295.1

bilioni (2008: TZS 287.9 bilioni. Bei ya hisa mnamo 31 Desemba 2009 ilikuwa TZS 1,640 kwa hisa (2008: TZS1,600 kwa hisa). Bei katika soko la mwanzo ilikuwa TZS 435 kwa hisa.

18. Wakaguzi

Wakaguzi wa Kampuni kwa mwaka 2009 walikuwa Ernst & Young. Wakaguzi wameeleza kuwa wako tayari kuendelea kuwa wakaguzi wetu na wanafaa kuteulia tena. Azimio la kuwapendekeza Ernst & Young kuwa wakaguzi wa Kampuni kwa mwaka 2010 litawasilishwa kwenye Mkutano Mkuu wa Mwaka.

Imetolewa kwa amri ya bodi

Jean-Marc Junon,
Chairman of the Board



25th March 2010

George Fumbuka,
Director



25th March 2010

INDEPENDENT AUDITORS' REPORT

**To the shareholders of
TANZANIA PORTLAND CEMENT COMPANY LIMITED**

We have audited the accompanying financial statements of Tanzania Portland Cement Company Limited as set out on page 11 to 46, which comprise the Statement of financial position as at 31 December 2009 and the Statement of comprehensive income, statement of changes in equity and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the Companies Act, 2002. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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' judgment, 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 for 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 management, 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 give a true and fair view of the financial position of the Company as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Tanzania Companies Act, 2002 and for no other purposes.

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

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

Ernst & Young

Certified Public Accountants

Dar es Salaam

**Signed by: Neema Kiure Mssusa (Partner)
25th March 2010**

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2009 TZS '000	2008 TZS '000
Revenue	8	178,999,595	148,709,578
Cost of sales	10	(86,554,681)	(80,048,539)
Gross profit		92,444,914	68,661,039
Other income	9	744,361	706,653
Selling and marketing costs	11	(1,050,150)	(966,538)
Administrative costs	12	(12,228,076)	(10,970,349)
Depreciation and amortisation	7, 17 & 18	(7,496,290)	(3,320,711)
Other expenses	14	(563,313)	(1,238,495)
Provision for obsolete stock	20	131,349	288,245
Operating profit		71,982,795	53,159,844
Finance revenue		417,426	426,171
Financial costs	15	(665,706)	(358,299)
Loss on foreign currency translation	16	(2,946,750)	(3,034,766)
Profit before tax		68,787,765	50,192,950
Tax expenses	30	(20,794,795)	(15,230,630)
Profit for the year		47,992,970	34,962,320
Earnings per share			
Basic and diluted earning per share (TZS)	36	266.74	194.32

STATEMENT OF FINANCIAL POSITION

	Notes	2009 TZS '000	2008 TZS '000
Assets			
Non-current assets			
Property, plant and equipment	7	142,135,724	121,927,365
Intangible asset	17	48,881	21,231
Leasehold land prepayments	18	198,479	204,006
		142,383,084	122,152,602
Current Assets			
Cash and bank balances	19	10,141,193	18,882,294
Inventories	20	29,531,531	22,791,501
Trade receivables	21	4,620,107	2,579,658
Tax recoverable	30	710,774	-
Other short-term operating receivables	22	4,949,449	2,259,927
		49,953,054	46,513,380
Total Assets		192,336,138	168,665,982
Equity and Liabilities			
Equity			
Share capital	23	3,598,462	3,598,462
Retained earnings		137,915,750	102,517,397
		141,514,212	106,115,859
Non-current liabilities			
Deferred tax	30	21,794,889	9,520,060
Other interest-bearing loans	24	478,456	528,820
Provision for employee benefits	27	1,895,502	1,116,879
		24,168,847	11,165,759
Current liabilities			
Other interest-bearing loans	24	72,284	76,595
Other borrowings	25	-	25,717,595
Trade and other payables	26	25,724,876	24,512,103
Dividend payable		855,919	113,063
Tax payable	30	-	965,007
		26,653,078	51,384,363
Total Equity and Liabilities		192,336,138	168,665,982

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors passed on 25th March 2010

STATEMENT OF CHANGES IN EQUITY

	Issued share capital (Note 23) TZS '000	Retained earnings TZS '000	Total TZS '000
At 01 January 2009	3,598,462	102,517,397	106,115,859
Dividends declared and paid	-	(12,594,617)	(12,594,617)
Total comprehensive income	-	47,992,970	47,992,970
At 31 December 2009	3,598,462	137,915,750	141,514,212
At 01 January 2008	3,598,462	75,291,771	78,890,233
Dividends paid	-	(7,736,693)	(7,736,693)
Total comprehensive income	-	34,962,320	34,962,320
At 31 December 2008	3,598,462	102,517,397	106,115,860

CASH FLOW STATEMENT

	Note	2009 TZS '000	2008 TZS '000
Operating activities			
Profit before tax		68,787,766	50,192,950
Adjustment to reconcile profit before tax to net cash flow:			
Depreciation and amortisation	7, 17 & 18	7,496,290	3,320,711
Interest expenses	15	665,706	358,299
Write-off of intangible assets	17	-	1,043
Release in provision for obsolete inventory		(131,349)	(288,245)
Profit on disposal of plant and equipment		(58,092)	(62,087)
Operating profit before changes in working capital items		76,760,320	53,522,671
Working capital adjustments:			
Increase in inventories		(6,608,681)	(4,390,711)
Increase in trade receivables		(2,040,449)	(156,668)
Decrease in other short-term operating receivables		(2,689,522)	(682,341)
Increase in gratuities provision		778,623	651,879
Increase in trade and other payables		1,212,773	8,559,990
Change in working capital		(9,347,256)	3,982,149
Operating profit after changes in working capital items		67,413,064	57,504,820
Corporation tax paid		(10,195,748)	(11,742,413)
Interest paid		(670,017)	(365,070)
Net cash inflow from operating activities		56,547,299	45,397,337
Investing activities			
Proceeds from disposal of plant and equipment		270,000	62,321
Capital works-in-progress and rehabilitation expenses		(26,728,242)	(61,893,379)
Purchase of intangibles		(34,435)	-
Purchase of plant and equipment		(1,176,002)	(3,380,266)
Net cash flows used in investing activities		(27,668,679)	(65,211,324)
Financing activities			
Dividends paid		(11,851,761)	(7,623,630)
Proceeds from other borrowings		-	25,717,595
Long-term loan repaid		(50,364)	(50,364)
Other borrowings repaid		(25,717,595)	-
Net cash flows used in financing activities		(37,619,720)	18,043,601
Net increase in cash and cash equivalents		(8,741,101)	(1,770,386)
Cash and cash equivalents at 01 January		18,882,294	20,652,680
Cash and cash equivalent at 31 December	19	10,141,193	18,882,294

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. Corporate Information

Tanzania Portland Cement Company Limited ('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 director's report.

2. Basis Of Preparation

The financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value.

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 Standard Board (IASB) and comply with the Companies Act, 2002.

3. Changes In Accounting Policy And Disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2009.

- IFRS 1 First-time Adoption of International Financial Reporting Standards — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)- not relevant to the company
- IFRS 2 Share-based Payment: Vesting Conditions and Cancellations effective 1 January 2009
- IFRS 2 Share-based Payment: Group cash-settled Share-based payment Transactions effective 1 January 2010 (early adopted)

- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and separate Financial Statements (Amended) effective 1 July 2009 (early adopted) including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IFRS 7 Financial Instruments: Disclosure effective 1 January 2009
- IFRS 8 Operating Segments effective 1 January 2009
- IAS 1 Presentation of Financial Statements effective 1 January 2009
- IAS 23 Borrowing Cost (Revised) effective January 2009
- IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and obligation arising on liquidation effective 1 January 2009
- IAS 39 Financial Instruments: Recognition and measurement – Eligible Hedged items effective 1 July 2009 (early adopted)
- IFRIC 9 Re-measurement of Embedded derivatives and IAS 39 Financial Instruments: Recognition and measurement effective for periods ending on or after 30 June 2009
- IFRIC 13 Customer Loyalty Programmes effective 1 July 2008
- IFRIC 15 Agreements for the Construction of Real Estate – not relevant to the company
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation effective 1 October 2008
- IFRIC 18 Transfers of Assets from Customers effective 1 July 2009
- Improvements to IFRSs (May 2008)
- Improvements to IFRSs (April 2009, early adopted)

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company except for IAS 23. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

The principal effects of these changes are as follows:

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 which clarifies the definition of a vesting condition and prescribes the treatment for an award that is cancelled. The Company adopted this amendment as of 1 January 2009. It did not have an impact on the financial position or performance of the Company as no events occurred that this interpretation relates to.

IFRS 7 Financial Instruments disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognized at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The fair value measurements disclosures are presented in note 40. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 41.

IFRS 8 Operating Segments

The IASB issued IFRS 8 in November 2006. IFRS 8 replaces IAS 14 Segment Reporting upon its effective date. The Company early adopted this amendment as of 1 January 2008. The Company concluded that this amendment does not have an impact on the disclosures of the Company as the company has only one operating segment.

IAS 1 Presentation of the Financial Statements

The revised standard separates owner and non owner changes in equity. The statement of changes in equity includes only details of the transactions with owners, with non owners changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognized income and expenses, either in one single statement or in two linked statements. The Company has selected to present one statement.

IAS 23 Borrowing Costs

The IASB issued an amendment to IAS 23 in April 2007. The revised IAS 23 requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Company's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended IAS 23, the Company has adopted the standard on a prospective basis. Therefore, borrowing costs are capitalized on qualifying assets with a commencement date on or after 1 January 2009. During the 12 months to 31 December 2009, TZS 586 million of borrowing costs have been capitalized on long-term

construction in progress as presented in Note 7.

IFRIC 13 Customer Loyalty Programmes

IFRIC 13 requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognised as revenue over the period that the award credits are redeemed. The company has concluded that the amendment will have no impact on the financial position or performance of the Company, as the Company has not entered into any such transaction.

Improvements to IFRSs

In May 2008 and April 2009 the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial positioning or performance of the Company.

- IAS 7 Statement of Cash Flows: Explicitly states that only expenditure that results in recognizing an asset can be classified as a cash flow from investing activities. This amendment did not have impact in the presentation of the statement of cash flows.
- IAS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". The Company amends its accounting policy accordingly, which did not result in any change in the financial position.
- IFRS 8 Operating Segments Information: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. This amendment did not have impact on the financial statements of the Company.

- IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance for IAS 39 Financial Instruments: Recognition and measurement are not automatically classified as current in the statement of financial position. The Company analyzed whether the expected period of realization of financial assets and liabilities differed from the classification of the instrument. This did not result in any reclassification of financial instruments between current and non-current in the statement of financial position.

- IAS 18 Revenue: The board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:

- Has primary responsibility for providing the goods or services
- Has inventory risk
- Has discretion in establishing prices
- Bears the credit risk

The Company has assessed its revenue arrangements against these criteria and concluded that it is acting as principal in all arrangements. The revenue recognition accounting policy has been updated accordingly.

- IAS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39. The Company has amended its accounting policy accordingly which did not result in any change in its financial position.

- IAS 36 Impairment of Assets: When discounted cash flows are used to estimate 'Fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosure required when the discounted cash flow are used to estimate 'value in use'. This amendment had no immediate impact on the financial statements of the Company because the recoverable amount of its cash generating units currently estimates using 'value in use'.

The amendment clarified that the largest unit permitted for allocation goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Company.

- IAS 38 Intangible Assets: Expenditure on advertising and promotional activities is recognized as an expense when the Company either has the right to access the goods or has received the service. This amendment has no impact on the Company because it does not enter into such promotional activities.

Other amendments resulting from improvements to IFRS to the following standards did not have any impact on the accounting policies, financial positioning or performance of the Company:

- IFRS 2 Share-based Payment
- IFRS 5 Non-Current Asset held for sale and discontinued Operations :
- IFRS 7 Financial Instruments: Disclosures
- IAS 8 Accounting Policies, Change in Accounting Estimates and Error
- IAS 10 Events after the Reporting Period
- IAS 19 Employee Benefits
- IAS 20 Accounting for Government Grants and Disclosures of Government Assistance
- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investments associates
- IAS 31 Interest in Joint Ventures
- IAS 34 Interim Financial Reporting
- IAS 38 Intangible Assets

- IAS 40 Investment Properties
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedge of Net Investment in a Foreign Operation.

4. Summary Of Significant Accounting Policies

The accounting policies adopted, which are consistent with those of previous years, are shown 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 recognized in the Statement of comprehensive income.

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. 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.

Rental income

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

Dividend Distribution

Dividend distribution to the shareholders is charged to equity and recognized 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Group capitalizes borrowing costs for all eligible assets where construction was commenced on or after 1 January 2009.

Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria.

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
Factory plant and machinery	5.0 – 10.0
Quarry plant and machinery	25.0
Furniture, equipment and fixture	12.5
Motor vehicles	25.0
Computer hardware	33.3

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances

indicate that the carrying value may not be recoverable. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of comprehensive income in the year the asset is derecognized. The residual values, useful lives and methods of depreciating property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. When each major inspection is performed, its cost is recognised in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied.

Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized and expenditure is reflected in the statement of comprehensive income 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 amortized 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 amortization which has been consistently applied is 14% – 50%.

The amortization period and the amortization 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 amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of comprehensive income. Gains or losses arising from derecognizing of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

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 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. Impairment losses of continuing operations are recognized in the Statement of comprehensive income in those expense categories consistent with the function of the impaired 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 recognized in the Statement of comprehensive income. 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.

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.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

Subsequent Measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method. Gains and losses are recognised in profit or loss when the investments are derecognized or impaired, as well as through the amortization process.

Cash and cash equivalents

Cash and bank balances 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 cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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 loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-sale financial investments

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the four preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognised directly in equity until the investment is derecognized or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognized in statement of comprehensive income.

Fair value

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the financial year end date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

Amortized cost

Held-to-maturity investments and loans and receivables are measured at amortized cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of Financial Assets

The Company assesses at each financial year end 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.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in statement of comprehensive income. In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Available-for-sale financial investments

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in income statement, is transferred from equity to profit or loss. Reversals in respect of equity

instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Derecognizing of Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed 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.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, or loans and borrowings as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

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

The Company's financial liabilities include trade and other payables, bank overdraft, loans and borrowings.

Subsequent Measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

Derecognizing of Financial Liabilities

A financial liability is derecognized 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 derecognizing of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Operating Lease

Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realizable 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 realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Provisions

Provisions are recognized 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. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of comprehensive income 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 recognized as a finance cost.

Pensions and Other Post – 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 the statement of comprehensive income in the year to which they relate.

Post-Employment Obligations

Under defined benefit plans, the Company provides certain post-retirement benefits at retirement and 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 using the weighted-average cost of capital rate applicable at each reporting date.

These benefits are unfunded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plans.

The past service cost is recognized as an expense on a straight line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit liability comprises the present value of the defined benefit obligation less past service cost not yet recognized.

Bonus Plans

The Company recognizes a liability and expense for bonuses based on a formula that takes into account, the profit attributable to the Company's shareholders. The Company recognizes a provision for bonuses when there is a contractual obligation or a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after financial year end date are discounted to present value.

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 on temporary differences at the financial year end date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or 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; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where 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 recognized 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 utilized except:

- where 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; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, 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 utilized.

The carrying amount of deferred tax assets is reviewed at each financial year end 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 utilized. Unrecognized deferred tax assets are reassessed at each financial year end 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the financial year end date.

Current tax and deferred tax relating to items recognised directly in equity are also recognised in equity and not in the Statement of comprehensive income.

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

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:

Provision for quarry restoration

The Company's quarry is an open one with bench heights at 12 - 15 meters. The overburden materials vary in thickness, but seldom exceed 0.5 meters. The removed overburden is later used as natural backfill material. Limestone is mined from the quarry in a way that leaves the

“used” area as a one-level horizontal plateau. From management's point of view there shouldn't be any need for provision to cover future costs for restoration of the quarry area due to the aforementioned facts regarding both the continuous ongoing backfilling and the way the area is left after extraction. The Company has prepared a quarry restoration plan.

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 amounts of assets and liabilities within the next financial year are discussed below.

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 amounts 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.

Pension and Other Post Employment Benefits

The cost of defined benefit pension plans and other post employment medical benefits 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 given in Note 26.

6. Standards Issued But Not Yet Effective

Standards issued but not yet effective to the date of issuance of the Company's financial statements are listed below.

IFRIC 17 Distributions of Non-Cash Assets to Owners

The interpretation is effective for annual periods beginning on or after 1 July 2009 with early application permitted. It provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability. The Company does not expect IFRIC 17 to have an impact on the financial statements as the Company has not made non-cash distributions to shareholders in the past.

7 Property, Plant and Equipment

	Building	Production machinery & equipment	Other equipment	Capital items in stocks	Capital work-in-progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost						
At 01 January 2008	1,345,396	32,689,019	5,751,976	509,593	34,856,191	75,152,175
Additions	41,750	1,476,990	1,861,526	-	61,893,379	65,273,645
Transfers	8,858,222	18,132,980	-	(60,089)	(26,931,113)	-
Disposals	-	-	(121,219)	-	-	(121,219)
At 31 December 2008	10,245,368	52,298,989	7,492,283	449,504	69,818,457	140,304,601
At 01 January 2009	10,245,368	52,298,989	7,492,283	449,504	69,818,457	140,304,601
Additions	304,972	206,049	664,981	-	26,728,242	27,904,244
Transfers	28,913,516	64,258,763	37,341	-	(93,209,620)	-
Disposals	-	-	(564,936)	-	-	(564,936)
At 31 December 2009	39,463,856	116,763,801	7,629,668	449,504	3,337,079	167,643,909
Accumulated depreciation						
At 01 January 2008	414,941	11,136,140	3,653,655	-	-	15,204,736
Charge during the year	111,466	2,545,092	636,927	-	-	3,293,485
Disposals	-	-	(120,985)	-	-	(120,985)
At 31 December 2008	526,407	13,681,232	4,169,597	-	-	18,377,236
At 01 January 2009	526,407	13,681,232	4,169,597	-	-	18,377,236
Charge during the year	978,070	5,844,319	661,587	-	-	7,483,977
Disposals	-	-	(353,028)	-	-	(353,028)
At 31 December 2009	1,504,477	19,525,551	4,478,156	-	-	25,508,185
Net book value						
At 31 December 2009	37,959,379	97,238,250	3,151,512	449,504	3,337,079	142,135,724
At 31 December 2008	9,718,961	38,617,757	3,322,685	449,504	69,818,457	121,927,365

	Notes	2009	2008
		TZS '000	TZS '000
8 Revenue			
Twiga extra		161,692,952	138,641,924
Twiga ordinary		20,520,343	12,460,435
Freight income		-	64,218
		182,213,295	151,166,577
Less: Freight outbound		(3,213,700)	(2,456,999)
		178,999,595	148,709,578
9 Other Income			
Gain on disposal of property, plant and equipment		58,092	62,087
Rental income		79,717	76,483
Reversal of provisions		112,174	-
Other income		494,377	563,083
Bad debts recovery	21	-	5,000
		744,361	706,653
Other income			
Training grant received from Norad		310,739	80,714
Other income		183,638	482,369
		494,377	563,083
10 Cost Of Sales			
Distribution costs		289,220	368,352
Variable costs		68,361,553	67,571,391
Fixed production cost		17,903,908	12,108,796
		86,554,681	80,048,539
Fixed production costs includes:			
Staff costs	13	4,718,550	4,131,785

	Notes	2009 TZS '000	2008 TZS '000
11 Selling And Marketing Costs			
Staff costs	13	313,411	269,866
Marketing, advertising and sales costs		484,247	485,423
Increase in provision for impairment of receivables		137,291	65,877
Other expenses		115,201	145,372
		1,050,150	966,538
(a) Increase in provision for impairment of receivables			
<u>On Trade receivables</u>	21		
Amount written - off		(12,840)	-
Charge during the year		27,708	13,429
<u>On Other receivables</u>	22		
Amount written - off		(75,753)	
Charge during the year		109,583	52,448
		48,698	65,877
12 Administrative Expenses			
Staff costs	13	3,430,567	2,758,416
Other administrative expenses		8,797,509	8,211,933
		12,228,076	10,970,349
- of which Auditors' fees		66,264	60,140
13 Staff Costs			
Staff costs under:			
Cost of sales		4,718,550	4,131,785
Selling and marketing costs		313,411	269,866
Administrative expenses		3,430,567	2,758,416
		8,462,528	7,160,067
Staff costs is made up of:			
Salaries and wages		4,664,444	4,271,470
Social Security Contribution		824,846	672,619
Payroll tax		462,978	486,546
Gratuity Contribution		1,361,179	798,137
Other benefits		1,149,081	931,295
		8,462,528	7,160,067
14 Other Expenses			
Local government levies and taxes		546,495	1,217,477
Property taxes		16,818	21,018
		563,313	1,238,495

	Notes	2009 TZS '000	2008 TZS '000
15 Finance Costs			
Interest on long term borrowing		455,981	156,379
Interest on short-term borrowing		14,082	25,645
Bank charges		195,643	176,275
		665,706	358,299
16 Gain On Foreign Currency Translation			
Exchange gain - realised		667,078	25,830
Exchange gain - unrealised		2,167,346	7,084,388
Exchange loss - realised		(1,747,553)	(887,049)
Exchange loss - unrealised		(4,033,621)	(9,257,935)
		(2,946,750)	(3,034,766)
17 Intangible Asset			
This consist of computer software, whose movement is as follows:			
Cost			
At the beginning of the year		228,861	229,904
Additions		34,435	-
Write-offs		-	(1,043)
At the end of the year		263,296	228,861
Accumulated amortisation			
At the beginning of the year		207,630	185,932
Charge during the year		6,785	21,698
At the end of the year		214,415	207,630
Net carrying amount			
At the end of the year		48,881	21,231
18 Leasehold Land Prepayments			
At the beginning of the year		204,006	209,534
Additions		-	-
		204,006	209,534
Less: Amortisation for the year		(5,528)	(5,528)
At the end of the year		198,478	204,006

The remaining lease period for leasehold land is 38 years.

	Notes	2009	2008
		TZS '000	TZS '000
19 Cash And Cash Equivalents			
Cash at bank - local currency		5,522,832	12,942,599
Cash at bank - foreign currency		4,618,361	5,939,695
		10,141,193	18,882,294
20 Inventories			
Raw materials, additives, consumables and spare-parts		30,879,867	23,203,721
Work - in - progress		2,048,688	3,089,131
Finished goods and goods for resale			
- Twiga Extra Cement		586,898	828,153
- Twiga Ordinary Cement		135,592	133,044
Less: Provision for obsolete stock	(a)	(4,119,514)	(4,462,548)
		29,531,531	22,791,501
(a) Movement in provision			
At 01 January		4,462,548	4,750,793
Increase in provision	(b)	(343,034)	(288,245)
At 31st December		4,119,514	4,462,548
(b) Write off of inventory		(211,685)	-
Additional provision for obsolescence		(131,349)	(288,245)
Increase in provision		(343,034)	(288,245)

	Notes	2009	2008
		TZS '000	TZS '000
21 Trade Receivables			
Trade Receivables		5,078,367	3,023,050
Provision for impairment on receivables		(443,392)	(434,963)
Balance brought forward		(443,392)	(434,963)
Amount written - off	11	12,840	-
Amount recovered	9	-	5,000
Charge during the year	11	(27,708)	(13,429)
Balance carried forward		(458,260)	(443,392)
		4,620,107	2,579,658
==>Neither past due nor impaired		3,986,613	2,016,396
==>Past due but not impaired			
Not impaired & overdue 1 - 60 days		538,609	359,748
Not impaired & overdue 61 -360 days		94,885	72,949
Not impaired & overdue > 360 days		-	130,565
		4,620,107	2,579,658
Terms and conditions of the above trade receivables: Trade receivables are non-interest bearing and are generally on 30 day terms.			
As at 31 December 2009, trade receivables at initial value of TZS 458,260 were impaired and fully provided for and the movements in the provision for impairment of receivables is as shown above.			
22 Other Short-Term Operating Receivables			
Advances to suppliers		1,297,912	1,281,370
Prepaid expenses		407,525	128,304
Staff loans and advances		146,522	114,986
Other receivables		3,404,924	1,008,872
Less:			
Provision for impairment		(307,435)	(273,605)
		4,949,449	2,259,927
Provision for impairment			
Balance brought forward		(273,605)	(221,157)
Amount written off		75,753	-
Charge during the year		(109,583)	(52,448)
Balance carried forward		(307,435)	(273,605)
The charge for the year relates to non-sales receivables from distributors			

	Notes	2009	2008
		TZS '000	TZS '000
23 Share Capital Authorised			
179,923,100 Ordinary Shares of TZS 20 each		3,598,462	3,598,462
Issued and Fully Paid Up			
Shareholder:		Number of Shares	Number of Shares
Scancem International ANS		124,598,500	124,598,500
General Public		53,835,094	53,835,094
Wazo Hill Savings and Credit Cooperative Society		1,489,506	1,489,506
		179,923,100	179,923,100
24 Other Interest Bearing Loan			
10% Long-term treasury loan		528,820	579,184
Current portion - Due within one year		(50,364)	(50,364)
Long-term portion - Due after one year		478,456	528,820
Current portion		50,364	50,364
Interest payable		21,920	26,231
Total current portion		72,284	76,595
After one year but not more than five years		201,455	201,456
More than five years		277,001	327,364
Non-Current liabilities		478,456	528,820

The loan of initially TZS 1,082,822,619 was extended by the Government of the United Republic of Tanzania to Tanzania Portland Cement Company Limited in form of remission of sales tax and customs duty on all imported goods for the rehabilitation of Tanzania Portland Cement Company Limited under SIDA import support programme during the financial year 1988/1989, 1989/1990 and 1990/1991. The loan carries an interest 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.

	Notes	2009	2008
		TZS '000	TZS '000
25 Other Borrowings			
<u>HC Group Loan</u>			
Received during the year		-	25,606,000
Interest payable		-	111,595
		-	25,717,595

The loan amount of TZS 25,606,000,000 (2008) corresponds to USD 20,000,000 drawn from a credit facility made available from from HeidelbergCement Group Treasury. The credit facility was limited to a maximum of USD 55,000,000. The loan carried interest on the outstanding amount corresponding to 3-month LIBOR plus 220 basis points per annum. Each drawdown was structured as a three month contract and rolled over at maturity. The loan agreement was concluded 22 May 2008 and the aggregate loan amount was due for repayment in instalments of USD 3,000,000 per month commencing 30 June 2009 with full repayment no later than 31 December 2010. With the limited use of this facility repayment was completed one year early, i.e. by 31 December 2009.

	Notes	2009	2008
26 Trade and Other Payables			
Trade payables - third parties		8,141,285	4,614,559
Trade payables - intercompany		13,761,359	12,910,681
Short-term operating payables		2,921,230	5,283,914
Payables for payroll and related costs		901,002	1,702,949
		25,724,876	24,512,103

Terms and conditions of the above financial liabilities:

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

27 Employee Benefits

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 Policies, Pension Obligations).

Notes	2009	2008
	TZS '000	TZS '000
The company contributions during the year are as follows:		
Endowment Scheme	341,613	289,310
Parastatal Pension Fund (PPF)	324,164	297,536
National Social Security Fund (NSSF)	174,450	109,618
	840,227	696,464

At year-end the following amount was payable to the Jubilee Insurance Company. It relates to the December contributions and have subsequently been paid.

Endowment Scheme	2009	2008
	-	26,064

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). Both are unfunded defined benefit plans. 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 are fully met by the Company.

At the end of 2008 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 is recognised on a straight-line basis over the average period until the benefits become vested (13 years including 2008), while for the long-service award scheme all past service cost is recognised immediately (ref IAS 19.96 and 19.127).

Post-employment benefits

The amounts recognised in the balance sheet are as follows:

Present value of unfunded obligations	3,878,247	3,413,293
Unrecognised past service cost	(2,342,724)	(2,674,915)
Net liability recognised in balance sheet	1,535,523	738,378

The amounts recognised in profit or loss are as follows:

Current service cost	249,465	217,099
Interest on obligation	409,595	21,325
Recognised past service cost	332,191	332,191
Expense recognised in profit and loss	991,251	570,615

Notes	2009	2008
	TZS '000	TZS '000
Changes in the present value of the post employment benefits are as follows:		
Opening balance (end-of-service benefits)	3,413,293	177,708
- reclassification to other long-term benefits	-	-
- current service costs	249,465	217,099
- interest cost	409,595	21,325
- past service cost	-	3,007,106
- unrecognised past service cost - non-vested benefits	-	-
- net liquidated obligations	(194,106)	(9,945)
Closing balance (end-of-service benefits)	3,878,247	3,413,293
Other long-term benefits		
Opening balance (long-service awards)	378,501	287,292
- reclassification from post-employment benefits	-	-
- change in provision for other long-term benefits	(18,522)	91,209
Closing balance (long-service awards)	359,979	378,501
Balance sheet:		
Post-employment benefits	1,535,523	738,378
Other long-term benefits	359,979	378,501
	1,895,502	1,116,879

Principal actuarial assumptions at the balance sheet date:

Discount rate at 31 December	12%	12%
Future annual salary increases	7%	7%
Cost inflation	5%	5%

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 the income statement in the year in respect of the Skills and Development Levy remittances are:

	Notes	2009	2008
		TZS '000	TZS '000
Skills and Development Levy		467,984	491,068
The amount deducted from the employees' salaries and wages in the year in respect of PAYE is:			
Pay as you Earn		2,402,958	2,112,810
At year-end the following amounts were payable to relevant authorities. These remittances have subsequently been paid.			
Skills and Development Levy		11,717	123,106
Pay as you Earn		100,537	521,381

29 Related Party Transactions

During the year the Company entered into transactions with Scancem International ANS of Oslo, Norway which owns an equity stake of 69.25% in the Company. The Company imports raw materials, machinery, spare parts and services from/through the holding company on an arms-length basis. The Company's purchases during the year 2009 were as follows:

a) Related party transactions			
Goods: Raw materials		16,746,560	31,089,429
Spare parts		30,561,927	58,091,240
Services: Management fees and services		6,774,300	1,635,634
Total amount traded		54,082,787	90,816,303
b) Related party balances			
Trade payables - Scancem International ANS		13,860,356	12,845,450
- Scancem Research AB		6,636	6,636
- HeidelbergCement AG		-	58,595
		13,761,359	12,910,681
Other Receivables - Scancem International ANS		79,571	657,467
c) Key management remuneration - Key management comprise of the Chief Executive Officer and other heads of departments.			
Salaries, allowances and benefits		3,538,579	2,685,538
Directors' remuneration		68,172	46,883
		3,606,751	2,732,421

	Notes	2009	2008
		TZS '000	TZS '000
30 Taxation			
i) Tax expense			
Current year tax		8,519,967	11,813,742
Prior year taxes		-	87,153
		8,519,967	11,900,895
Deferred tax charge		12,274,829	3,329,735
		20,794,795	15,230,630
ii) Reconciliation of tax expense to tax based on accounting profit:			
Accounting profit before taxation		68,787,766	50,192,950
Tax applicable rate of 30%		20,636,330	15,057,885
Additional tax assessed for previous years		-	87,153
Tax effect on non taxable/non deductible items			
Disallowable expenses		158,466	85,592
Tax expense		20,794,795	15,230,630
iii) Deferred Tax			
Accelerated depreciation for tax purposes		74,545,131	32,850,411
Provision for employee benefits		(1,895,502)	(1,116,878)
		72,649,629	31,733,533
Deferred tax liability thereon at 30%		21,794,889	9,520,060
Less: Opening deferred tax liability		(9,520,060)	(6,190,325)
Deferred tax (release)/expense		12,274,829	3,329,735
iv) Tax (recoverable)/payable			
Tax payable brought forward		965,007	806,525
Tax charge for the year		8,519,967	11,813,742
Prior year taxes		-	87,153
Tax payments during the year		(10,195,748)	(11,742,413)
Tax (recoverable)/payable		(710,774)	965,007

31 Employees

The number of employees at the end of the year was 342 (2008: 345).

32 Comparative Figures

Previous year's balances have been regrouped whenever appropriate for comparison purposes.

33 Holding Company

The Company's ultimate holding company is HeidelbergCement AG - Germany and immediate holding company is Scancem International ANS - Norway.

34 Dividend Per Share

During the period, dividends relating to the profits for the year ended 31 December 2008 of TZS 70 per share (totaling TZS 12.6 billion) were declared and paid. In 2008, dividend relating to the profits for the year ended 31 December 2007 of TZS 43 per share (totaling TZS 7.7 billion) were declared and paid.

35 Commitments And Contingencies**Capital commitment**

The two main sections of TPCC's expansion project were completed in 2008 and 2009 respectively. Some relatively minor items related to the expansion will be completed in 2010. Capital commitments for these remaining items, as well as for other on-going activities, are approx. TZS 5 billion.

Operating lease commitment - Company as lessee

The Company has entered into commercial lease of land for limestone extraction and factory area. The lease has an average life of 99 years. At 31 December 2009, the company had not prepaid any rent of land.

	2009	2008
	TZS '000	TZS '000
Rental expenses recognized during year	97,525	97,721

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

	2009	2008
	TZS '000	TZS '000
Within one year	0	0
After one year but not more than	0	0
More than 5 years	0	0

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 2009, the company had not received any advances for rent.

	2009	2008
	TZS '000	TZS '000
Rental expenses recognized during year	79,717	76,483

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

	2009	2008
	TZS '000	TZS '000
Within one year	0	0
After one year but not more than	0	0
More than 5 years	0	0

Legal claims

Contingent liabilities relates to several court cases on land trespassing, alleged unfair termination of employment contracts and breach of business contracts all amounting to TZS 2,5 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 ANS, 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. The Company filed objections to these assessments in April 2009 after having deposited the required 1/3 of the disputed assessments. The disputed tax assessments (including the deposits) are not reflected in the net results for 2008 and 2009. Only the 1/3 deposit is reflected in the balance sheet and classified as a short-term receivable.

36 Earnings Per Share

	2009	2008
	TZS '000	TZS '000
Net profit attributable to ordinary equity holders		
weighted average number of ordinary shares	179,923,100	179,923,100
Basic and diluted earnings per share (TZS)	266.74	194.32

- Basic earnings per share is calculated on the profit or loss 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 or loss 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.

37 Segment Reporting

In the financial year 2009, segment reporting by the company was prepared for the first time in accordance with IFRS 8, 'Operating segments'.

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Board of Directors (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance.

The majority of revenue is derived from sale of goods (as disclosed in note 9) and the Board of Directors relies primarily on revenue from sales of goods to assess performance. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the Statement of Comprehensive income. Though the Company exports marginal volumes of its products to Burundi, Zambia and DRC and there are two products, these are similar in nature and distributed in a fairly uniform manner that the company considers that it has only a single reportable operating segment. There were no changes in the reportable segments during the year or as compared with last year.

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 Objectives And Policies

The Company's principal financial instruments comprise treasury 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 and cash and short-term deposits, 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 which are summarized 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.

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 fixed interest rate on borrowings.

c. Liquidity risk

The Company does not face any liquidity risk as it has sufficient funds to cover its working capital needs for the foreseeable future.

d. 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 and forward purchase of foreign currencies.

The following table demonstrates the sensitivity to possible changes in the exchange rate between the Tanzanian Shilling and foreign currencies (mainly US dollar), 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. other currencies	Effect on profit before tax TZS'000
Net effect based on financial year end as at 31st December 2009	+10% -10%	+1,100,000 -1,100,000

e. 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.

Accordingly, the Company has no significant concentration of credit risk that has not been adequately provided for.

40. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years end 31 December 2009 and 31 December 2008.

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 below 35%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

40 Capital Management

	2009 TZS '000	2008 TZS '000
Long-term financial liabilities (Note 24)	550,740	605,415
Other borrowings (Note 26)	-	25,717,595
Trade and other payables (Note 26)	25,724,876	24,512,103
Cash and bank balances (Note 19)	(10,141,193)	(18,882,294)
Net debt	16,134,422	31,952,819
Equity	141,514,212	106,115,859
Capital and net debts	157,648,634	138,068,678
Gearing ratio	10%	23%

41 Fair Value Adjustments

Set out below is a comparison by class of the carrying amounts and fair value of the bank's financial instruments that are carried in the financial statements.

	Carrying amount		Fair value	
	2009 TZS '000	2008 TZS '000	2009 TZS '000	2008 TZS '000
Financial assets:				
Cash and bank balances	10,141,193	18,882,294	10,141,193	18,882,294
Trade receivables	4,620,107	2,579,658	4,620,107	2,579,658
Other short-term operating receivables	4,949,449	2,259,927	4,949,449	2,259,927
	19,710,749	23,721,879	19,710,749	23,721,879
Financial liabilities:				
Other interest-bearing loans	550,740	605,415	550,740	605,415
Provision for employee benefits	1,895,502	1,116,879	1,895,502	1,116,879
Other borrowings	-	25,717,595	-	25,717,595
Trade and other payables	25,724,876	24,512,103	25,724,876	24,512,103
Dividend payable	855,919	113,063	855,919	113,063
	29,027,036	52,065,055	29,027,036	52,065,055

The Company uses level 1 hierarchy in determining and disclosing the fair value of financial instruments held for trading and the values approximates the values reported in the statement of financial position.

42 Liquidity Risk

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Year ended 31 December 2009						
Long-term financial liabilities		72,284	25,182	201,456	251,818	550,740
Trade and other payables	18,251	24,786,625	920,000			25,724,876
Dividend payable	855,919					855,919
Tax payable						-
	874,170	24,858,909	945,182	201,456	251,818	27,131,534
Year ended 31 December 2008						
Long-term financial liabilities		76,595	25,182	201,456	302,182	605,415
Other borrowings			25,717,595			25,717,595
Trade and other payables		24,512,103				24,512,103
Dividend payable	113,063					113,063
Tax payable			965,007			965,007
	113,063	24,588,698	26,707,784	201,456	302,182	51,913,183

Electronic fund transfer service

This is to inform you that our agent CAD Securities Limited (CAD) has a service where dividends may be paid directly into your bank account. This service is a fast and efficient way to receive your payments. You will not have to go to the paying agent and cash your warrant, the dividend is simply paid into your bank account and CAD will send to you a Dividend Tax voucher which will indicate the gross payment, withholding tax payment and the net payment into your chosen account.

If you would like to utilize this service, please complete the form below and return to CAD Securities Limited.

Please note that CAD requires this information 3 weeks before payment date of dividend to ensure payment can be processed.

DIVIDEND MANDATE FORM

Please complete in BLOCK CAPITALS using black ink and return to CAD Securities Ltd.

P.O. Box 11488, Dar es Salaam.

A.	Name of Company in which shares are held	Tanzania Portland Cement Company Limited (Twiga)	
B.	CDS A/C No	As indicated on your original depository receipt
C.	Full name and address of the first named member	Name..... Address.....	As indicated on your CDS receipt
	Contract number	* If any
	* Email address	
D.	Signatures	Signature (1) _____ Signature (2) _____ Signature (3) _____ Signature (4) _____	
	This mandate must be signed by ALL registered members, executives and administrators		

Please pay all future Dividend payments for the above company directly to the following Bank Account:

E.	Name of Bank	The address of the Branch
F.	Address of Bank	where your account is

Notes:

1. Payment in accordance with these instructions discharges CAD Securities Ltd and Tanzania Portland Cement Co. Ltd from any future liability.
2. CAD Securities Ltd and Tanzania Portland Cement Company Ltd. reserve the right to require additional confirmation of the signature.

Branch Sort Code.....

Branch Location.....

Account Number.....

G Stamp of Bank/Building Society

The bank stamp is required to confirm that the signature(s) in box D is that of the shareholder(s) or an authorised signatory

Huduma ya kupitisha gawio kwenye akaunti ya benki

Tunapenda kukuarifu kwamba, wakala wetu CAD Securities Limited (CAD) wanatoa huduma kwa wanachama ya kupiti sha gawio moja kwa moja kwenye akaunti za benki. Huduma hii ni ya haraka kwa ajili ya malipo. Hautaenda kwa wakala wa malipo kwa ajili ya kupokea gawio, utakuwa ukiingiziwa gawio lako moja kwenye akaunti yako ya benki. Hata hivyo, CAD watakuwa wakikutumia hundi yako kama kwaida, ikiwa inaonyesha kiasi cha gawio ulichopata, kodi uliyokatwa parmoja na gawio unalopaswa kulipwa baada ya kukatwa kodi.

Kama utapenda kutumia huduma hiyo, tunakushauri ujaze formu ya idhinisho la gawio iliyopo chini ya maelezo haya na kuirudisha CAD Securities Limited wiki tatu kabla ya gawio kutoka ili gawio lako linalofuata liweze kupitishwa katika akaunti yako ya benki.

FOMU YA IDHINISHO LA GAWIO

Tafadhali jaza kwa HERUFI KUBWA kwa kutumia wino mweusi na rudisha fomu hii CAD Securities Ltd.
S.L.P 11488, Dar es Salaam.

- A. Jina la Kampuni ambayo hisa zake zinamilikiwa Tanzania Portland Cement Company Limited (Twiga)
- B. Namba ya CDS Kama ilivyo onyeshwa kwenye stakabadhi halisi ya hisa
- C. Jina kamili na Anuani ya mwa - Jina..... Kama ilivyo onyeshwa kwenye nahisa mtajwa wa kwanza Anuani..... stakabadhi halisi ya hisa
- Namba ya simu n.k * Kama IPO
- * Email address
- D. Sahihi Sahihi (1) Sahihi (2)
- Idhinisho hili lazima lisainiwe na wanahisa waliosajiliwa, wa - Sahihi (3) Sahihi (4) tendaji na watawala WOTE

Tafadhali lipa moja kwa moja kwenye Account ya Banki iliyoko hapa chini gawio lolote la faida kutoka kwenye kampuni iliyotajwa hapo juu:

- E. Jina la Benki Anuani ya Tawi ilipo Akaunti
- F. Anuani ya Benki yako

Kumbuka :

- Malipo kwa mujbu wa maagizo haya yanaiondolea CAD Securities Ltd na Kampuni ya Saruji (Twiga) uwajibikalji zaidi.
- CAD Securities Ltd na Saruji (Twiga) wanayo haki ya kuhitaji sahihi nyingine kwa udhibitisho.

Namba ya Tawi.....

Tawi mahali lilipo

Namba ya Akaunti.....

- G. Muhuri wa Benki Mhuri wa benki ni kuthibitisha sahihi iliyoko/zilizoko kwenye sanduku D hapo juu kuwa ni ya mwanahisa au aliyeruhusiwa kusaini kwa niaba ya Kampuni/Taasisi



PROXY FORM

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 (note 1)

_____ 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

Kempinski Hotel,
Dar es Salaam
on 30th April 2010
at 14:00 Hrs

and at any adjournment thereof

Signature _____ (note 1 & 2) Dated _____

Notes:

- 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.
- 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 stated.
- To be valid, the form of proxy must be lodged at the offices of the Company's Register, namely CAD Securities Ltd. not less than 24 hours before the time appointed for meeting or adjourned meeting and must be accompanied by any power of attorney or other authority under which it is signed or by an officially certified copy of such power of authority. Completion and return of a form of proxy will not preclude a member from attending and voting in person if he so wishes.

Form to be returned to:

CAD Securities Limited
P.O. Box 11488
Dar es Salaam
Tel: 2123030
Fax: 2127622
Email: info@cadsecurities.com





FOMU YA MWAKILISHI
Kwa matumizi kwenye Mkutana 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 _____
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

Kempinski Hotel,
Dar es Salaam
Tarehe 30.04.2010
Saa 8:00 Mchana

Kama shahidi saina yangu/zetu leo.

Sahihi _____ Tarehe _____

Zingatia Yafuatayo :

1. Ikiwa mteuzi ni shirika au kampuni, formu hii ni lazima iwe na muhuri wa moto wa kampuni husika na ipitishwe kwa maafisa wa kampuni, wakili au kwa mtu aliyeidhinishwa kutia saina 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 formu ya uwakilishi.
3. Ili ikubalike, formu ya uwakilishi inapaswa iwe imejazwa na kufikishwa kwa wakala wetu CAD Securities Limited si chini ya masaa 24 kabla ya muda uliopagwa kwa ajili ya mkutano au kuahirishwa kwa mkutano, na lazima isainiwe na mwa nasheria au mamlaka yeyote husika. Kujazwa na kurudishwa kwa formu hakumzuii mwanachama kuhudhuria na kushagua kama anataka kufanya hivyo..

Fomu irudishwe:
CAD Securities Limited
P.O. Box 11488
Dar es Salaam
Tel: 2123030
Fax: 2127622
Email: info@cadsecurities.com





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cement

HEIDELBERGCEMENTGroup

Tanzania Portland Cement Company Ltd.

P. O. Box 1950, Dar es Salaam, Tanzania

Tel: +255 22 2630130 Fax: +255 22 26301939

www.twigacement.com

info@twigacement.com

