

# 2019

## ANNUAL REPORT



TANZANIA PORTLAND CEMENT PUBLIC LIMITED COMPANY

# CREATING CONNECTIONS











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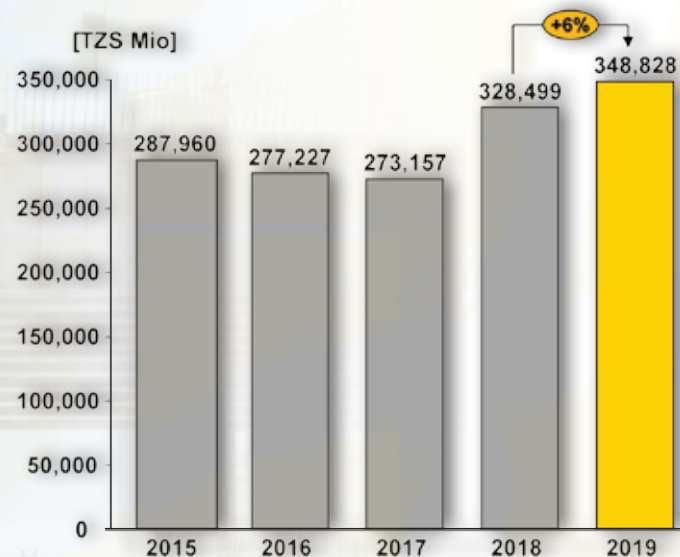
TANZANIA PORTLAND CEMENT PUBLIC LIMITED COMPANY ANNUAL REPORT 2019

## Financial Highlights

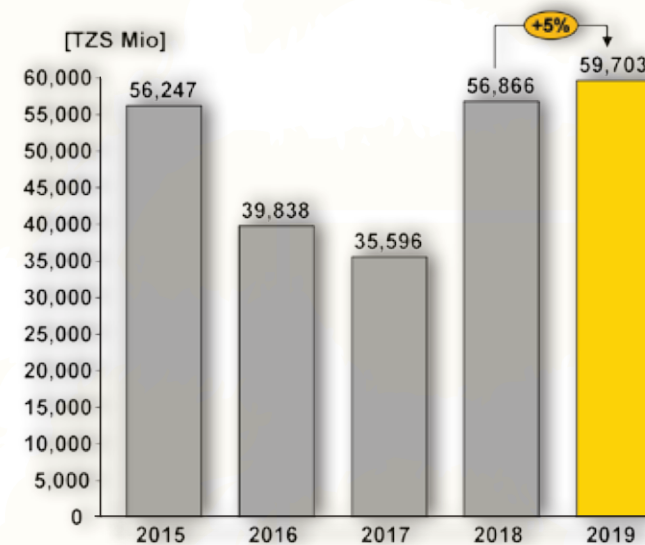
	2015 TZS '000	2016 TZS '000	2017 TZS '000	2018 TZS '000	2019 TZS '000
Number of employees (yearly average)	3 13	2 91	2 86	2 85	283
<b>Income statement</b>					
Revenue	287,959,748	277,226,967	273,157,459	328,499,013	348,828,076
Operating income before depreciations (OBID)	93,056,168	74,166,028	80,739,178	97,867,052	105,513,407
Operating income (OI)	73,797,955	53,887,091	62,672,790	80,061,037	87,255,704
Profit/loss for the financial year	56,246,507	39,837,793	35,596,393	56,866,094	59,703,284
Earnings per share (TZS)	312.61	221.42	197.84	316.06	332.00
Dividend per share (TZS)	306.00	270.00	290.00	290.00	290.00
<b>Investments</b>					
Total investments in fixed assets	10,451,269	4,915,052	5,326,099	9,805,974	1 0,884,098
Depreciation and amortisation	-19,258,213	-17,912,591	-18,066,388	-17,806,015	-18,257,703
<b>Balance sheet</b>					
Non-current assets	181,454,208	165,953,492	169,923,915	149,766,234	151,279,650
Current assets	127,185,787	119,551,637	118,227,582	172,994,558	191,011,413
Equity	213,903,961	197,212,498	186,465,797	224,935,758	231,473,287
Non-current liabilities	37,594,456	33,787,789	32,088,012	29,240,226	2 8,290,770
Current liabilities	57,141,579	54,504,842	23,112,152	68,584,808	8 2,527,007
Balance Sheet Total	308,639,995	285,505,129	288,151,497	322,760,792	342,291,064
Net debt [(+) means geared]	- 4,459,782	12,607,702	10,904,562	-4,829,170	622,877
<b>Ratios</b>					
OBID Margin	32%	27%	30%	30%	30%
OI Margin	26%	19%	23%	24%	25%
Net debt/shareholders' equity	-5%	6%	6%	-2%	0.3%
Net debt/OIBD	-0.05x	0.17x	0.14x	-0.05x	0.01x
<b>Memo items:</b>					
- Average exchange rate TZS/USD	2,097	2,252	2,246	2,284	2,321
- Closing exchange rate TZS/USD	2,224	2,224	2,244	2,310	2,302

# Financial Highlights

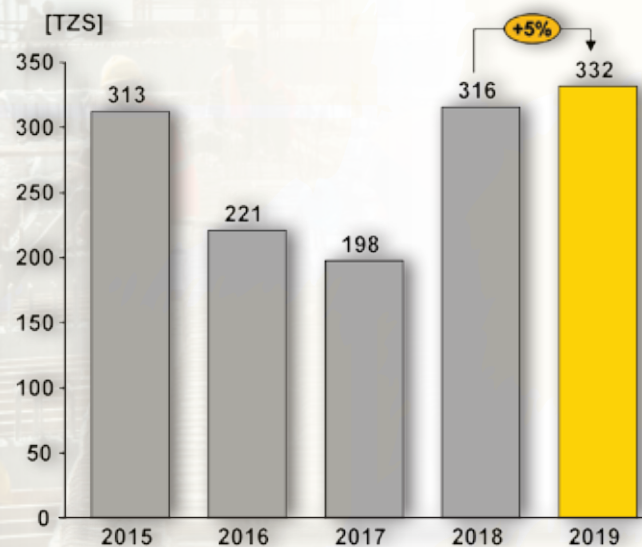
Revenue Development



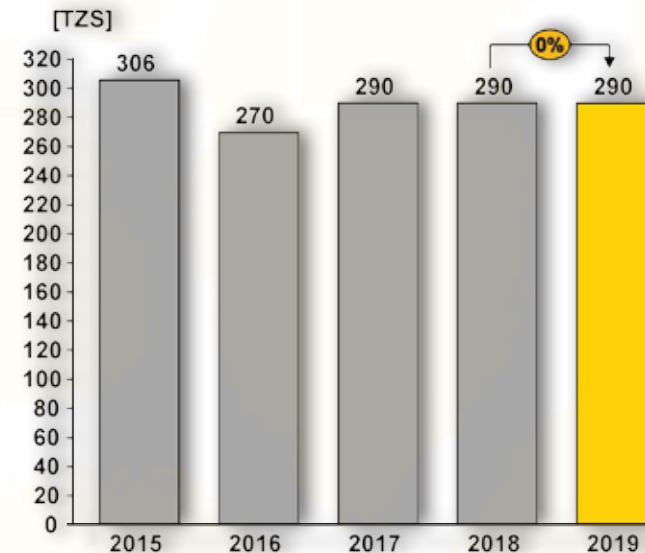
Profit/Loss in the Financial Year



Earning per Share



Dividend per Share







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## Company Information of Transmittal/ **Taarifa Muhimu za Kampuni**

**REGISTERED OFFICE AND  
PRINCIPAL PLACE OF BUSINESS**  
*MAHALI OFISI ILIPO SAJILIWA NA ENEO LA  
SHUGHULI ZA KAMPUNI*

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

**GROUP NAME:**  
*JINA LA KAMPUNI MAMA*

**Heidelberg Cement AG**  
Berliner Straße 6  
69120 Heidelberg  
Germany

### ***BANKERS/ BENKI***

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

**CRDB Bank PLC**  
PPF Tower  
P.O. Box 268  
Dar es Salaam

**Ecobank Tanzania**  
84, Acacia Building  
Kinondoni Road,  
P.O Box 20500  
Dar es Salaam

**NMB Bank PLC**  
Tegeta Branch-Kibo Commercial Complex,  
P.O Box 9213,  
Dar es Salaam

### **LEGAL ADVISORS *MAWAKILI***

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

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

### **COMPANY SECRETARY *KATIBU WA KAMPUNI***

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

### **TAX ADVISORS *WASHAURI WA MASHWARA YA KODI***

**KPMG, Tanzania**  
2nd Floor, The Luminary  
Haile Selassie Road, Masaki  
P.O. Box 1160  
Dar es Salaam

### **AUDITOR *WAKAGUZI WA HESABU ZA KAMPUNI***

**Ernst & Young**  
4<sup>th</sup> Floor, Tanhouse Tower  
Plot 34/1 – Ursino South  
New Bagamoyo Road  
P.O. Box 2475  
Dar es Salaam, Tanzania





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TANZANIA PORTLAND CEMENT PUBLIC LIMITED COMPANY ANNUAL REPORT 2019

## Letter of Transmittal/ Barua ya Kuwasilisha

The Shareholders  
Tanzania Portland Cement Public Limited Company

### Letter of Transmittal

The Directors of the Company have the pleasure to submit to you the Annual Report for the Company for the year ended 31 December 2019 in accordance with section 166 of the Companies Act, 2002.

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

The Directors recommend a final dividend of TZS 290 per share (2018: TZS 290). There was no interim dividend paid for the year ended 31 December 2019.

  
**Hakan Gurdal**  
CHAIRMAN

Tanzania Portland Cement Public Limited Company

Kwa Wanahisa  
Tanzania Portland Cement Public Limited Company

### Barua ya Kuwasilisha

Wakurugenzi wa Kampuni wanayo furaha kuwasilisha kwenu Taarifa ya Mwaka ya Kampuni kwa kipindi cha mwaka ulioishia Decemba 31, 2019, kwa mujibu wa ibara ya 166 ya Sheria ya Kampuni ya mwaka, 2002.

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

Bodi ya Wakurugenzi inapendekeza gawio la TZS 290 kwa kila hisa kwa mwaka 2019 (2018: TZS 290). Hakukuwepo na gawio la awali lililolipwa kwa mwaka 2019.

  
**Hakan Gurdal**  
MWENYEKITI

Tanzania Portland Cement Public Limited Company





TPCPLC remains a major contributor to the Tanzanian economy and society through taxes, technology improvements, new investments, compliance with business standards and Community development programs.

**Mr .Hakan Gurdal**  
Board Director Chairman

### Dear Shareholders,

As Chairman of the Board, it is both an honour and a privilege to deliver this statement on behalf of the Board of Directors and the Twiga Cement family. It gives me great pleasure to report that despite strong competition in the cement manufacturing industry, Tanzania Portland Cement Public Limited Company (TPCPLC) delivered a strong operating result when compared to the year 2018. The operating performance of the plant and availability of the machinery was good, ensuring clinker production reached record levels in 2019. This result demonstrates the ability of the TPCPLC management and employees to efficiently react to changes in the environment, and their strong personal dedication and unconditional loyalty to TPCPLC contributed greatly to the strong market position of TPCPLC today.

As in previous years, TPCPLC has continued to leverage on the best practice experience from the HC Group, through its global improvement programs, called CIP. The implementation of CIP resulted in specific actions which further optimized costs and processes. Learning from the best practice exchange is one of our key differentiators and supports the education and development of our employees.

### Economic and Business Environment

The Tanzanian economy grew at a pace of about 6.8% in 2019 (Source: TNBS) in line with the positive trend of previous years. TPCPLC estimates the cement market grew at a rate of more than 10% for the same period.

The TZS exchange rate has remained stable versus main foreign

currencies in 2019, which has assisted to control inflationary impacts on energy and fuel costs.

The existing overcapacities and the consequent pressure on pricing has changed the market landscape and has tested the adaptability of TPCPLC management structures, underscoring the efficiency of the cost fitness plans developed in the previous years.

### Financial Performance

Despite the competitive environment, TPCPLC again achieved record sales volumes in 2019. This was a result of high production efficiency, commitment of our employees, implementation of efficient sales strategies and the enhancement of product portfolio.





Turnover and sales volume increased by 6%, and this increased revenue, combined with disciplined cost management led to operating profit increasing of 9% when compared to the previous year. TPCPLC recorded an Operating Profit of TZS 87.3 bn mainly due to higher volumes, stable pricing and efficient production processes leading to strong cost control.

**Prospects**

It is a very competitive market, but with the anticipated steady growth in cement demand, we believe that TPCPLC can continue to benefit from the company's strategic investments, the continued focus on customer service and the relentless pursuit of optimising production efficiency within a safe operating environment for its employees. We believe these factors continue to allow TPCPLC to meet the objective of maintaining and extending its leadership position in the market, leaving TPCPLC well positioned for sustainable and profitable growth in the future.

**Dividend**

The Board remains focused on building shareholder value and we are confident that by following our strategy, we will achieve this. The Board therefore proposes a dividend for 2019 of TZS 290 per share. This is planned to be paid in June 2020.

**Corporate Citizenship**

TPCPLC is fully committed towards sustainability and Social Corporate Responsibility and continues to take all necessary measures to improve its performance with regard to the Health & Safety and human rights of its employees, good governance and the protection of the environment.

TPCPLC remains a major contributor to the Tanzanian economy and society through government taxes, technology improvements, new investments, compliance with international business standards, community development programs, fair employment and by leading the industry not only in performance but also and most importantly, in building the Nation.

**Appreciation**

On behalf of the Board, I would like to thank all TPCPLC's stakeholders, partners, customers and employees who have placed great trust in our company and our products during the past year. Above all, I would like to express my gratitude to all the Shareholders for their cooperation and continued faith in the Company. We have every confidence that TPCPLC will continue to deliver value for the shareholders in the future.



Hakan Gurdal

**Board Chairman**





TPCPLC ni kati ya wachangiaji wakubwa katika uchumi wa Tanzania na jamii kupitia ulipaji wa kodi kwa serikali, uboreshaji wa teknolojia, uwekezaji, kukidhi viwango vya kimataifa na shughuli za maendeleo kwa jamii.

**Mr .Hakan Gurdal**  
Board Director Chairman

### **Ndugu Wanahisa**

Kama Mwenyekiti wa Bodi, kwa heshima na taadhima nashukuru kwa fursa hii kuweza kuwasilisha taarifa hii kwa niaba ya Bodi ya Wakurugenzi na familia ya Twiga. Ninayo furaha kuwajulisha kuwa pamoja na changamoto za ushindani mkubwa katika sekta ya viwanda vya saruji, Kampuni imepata matokeo ya uendeshaji mazuri ikilinganishwa na mwaka 2018. Uendeshaji wa kiwanda pamoja na upatikanaji wa mitambo ulikuwa mzuri, na hivyo kupelekea uzalishaji wa klinka ukifikia viwango vya juu vya rekodi kwa mwaka 2019. Matokeo haya yanaonyesha ufanisi wa menejimenti ya Kampuni na wafanyakazi katika kukabiliana na mabadiliko ya kibiashara, na kujitua kwao kikamilifu na kwa uaminifu wa hali ya juu kumechangia zaidi kuiweka Kampuni katika nafasi nzuri kwenye soko la saruji

Kama ilivyokuwa kwa miaka iliyopita, Kampuni imeendelea kufaidika na programu maalum za kuboresha utendaji kazi (CIP). Utekelezaji wa programu hii ulipelekea Kampuni kupunguza gharama na kuboresha taratibu mbali mbali za kazi. Matokeo yatokeanayo na kubadilishana uzoefu ni moja kati ya nguzo inayotofautisha na kusaidia katika kutoa mafunzo na kuendeleza ujuzi wa wafanyakazi.

### **Mtazamo wa Uchumi na Biashara**

Katika kipindi cha mwaka 2019, uchumi wa Tanzania ulikua kwa wastani wa asilimia 6.8 (Chanzo: TNBS) ikiwa sawa na kiwango cha ukuaji wa uchumi kwa miaka iliyopita. Kampuni imekadiriya soko la saruji kukua kwa zaidi ya asilimia 10 mwaka 2019. Katika kipindi cha mwaka 2019, thamani ya sarafu ya Tanzania (TZS) imeendelea kuimarika dhidi ya sarafu kubwa za kigeni,

na hii ilisaidia kudhibiti mfumuko wa bei na gharama za nishati na mafuta.

Ongezeko la uwezo wa ziada katika uzalishaji na shinikizo la bei vilibadilisha mwelekeo wa soko na hivyo kuchagiza uwezo wa uongozi wa Kampuni ya Kampuni katika kukabiliana na changamoto hizi, huku juhudi zikiwekwa kwenye ufanisi wa mipango iliyowekwa tangu miaka iliyopita.

### **Utendaji wa Kifedha**

Pamoja na ushindani katika soko Kampuni iliweza kufika mauzo ya kiwango cha juu mwaka 2019. Mafanikio haya yametokana na ufanisi katika uzalishaji, kujituma kwa wafanyakazi, utekelezaji wa mikakati yenye ufanisi katika mauzo na uboreshaji wa bidhaa zetu.



Mauzo na usambazaji wa saruji uliongezeka kwa asilimia 6, na ongezeko hili la mapato, likijumuisha mbinu bora za kuthibiti gharama iliwezesha ukuaji kwa faida ya uendeshaji kwa asilimia 9 ikilinganishwa na mwaka uliopita. Kampuni iliripoti faida ya uendeshaji ya shilingi bilioni 87.3 za Kitanzania inayotokana na ongezeko la mauzo, kuimarika kwa bei, na ufanisi katika ualizaji uliosababisha uthibiti mzuri wa gharama.

#### **Matarajio**

Katika soko lenye ushindani mkubwa, lakini ambalo linatarajiwa kua na mahitaji ya saruji yanayoendelea kuongezeka, tunaamini kuwa Kampuni inaweza kuendelea kufaidika na mikakati mahususi ya uwekezaji unaofanywa na Kampuni, huduma nzuri kwa wateja nzuri na ufanisi endelevu wa uzalishaji katika mzingira salama kwa wafanya kazi wake. Tunaamini nguzo hizi zitaruhusu Kampuni kuendelea kutimiza malengo ya kuenelea kushika uongozi katika soko la saruji, na kufanya Kampuni kuendelea kukua kifaida.

#### **Gawio**

Bodi inaendelea kuhakikisha inaongeza thamani zaidi kwa wanahisa na tunaamini kuwa kwa kufuata sera, ufanisi na udhibiti wa gharama tutaweza kufikia malengo yetu. Hivyo basi, kwa mwaka 2019, Bodi imependekezwa gawio la TZS 290 kwa hisa. Gawio pendekezwa la TZS 290 litalipwa mwezi Juni 2020.

#### **Uraia Mwema**

Kampuni inaendelea kutimiza ahadi zake kwa ukamilifu katika shughuli za kijamii na kuchukua hatua stahiki katika kuboresha utendaji katika maeneo ya afya na usalama, kutunza mazingira, utawala bora na haki za binadamu.

Kampuni ni kati ya wachangiaji wakubwa katika uchumi wa Tanzania na jamii kupitia ulipaji wa kodi kwa serikali, uboreshaji wa teknolojia, uwekezaji, kukidhi viwango vya kimataifa, shughuli za maendeleo kwa jamii, ajira kwa kuzingatia usawa, na uongozi katika sekta ya saruji na katika ujenzi wa Taifa.

## **Maelezo Mafupi ya Mwenyekitii - yanaendelea**

#### **Shukrani**

Kwa niaba ya bodi, ningependa kuwashukuru wadau wote wa Kampuni, washirika, wateja na wafanyakazi ambao wamekuwa na imani kubwa na kampuni yetu na bidhaa zetu katika kipindi cha mwaka ulipita. Zaidi ya yote, ningependa kutoa shukrani zangu za dhati kwa wanahisa wote na imani kwa Kampuni. Tunaamini kuwa Kampuni itaendelea kuongeza thamani kwa wanahisa wake.

Hakan Gurdar

**Board Chairman**





Year 2019 was a positive year for Twiga Cement, the strong infrastructure development and the Country growth have contributed to fuel the local cement and construction industry growing at a higher rate than in the previous year.

**Mr. Alfonso Velez**  
Managing Director

### Introduction

Year 2019 was a positive year for Twiga Cement, the strong infrastructure development and the Country growth have contributed to fuel the local cement and construction industry growing at a higher rate than in the previous year. Competition was tough, and despite the cement over capacity in the local market, TPCPLC remains the market leader and has improved again previous year results.

Once more in 2019 we achieved new records in cement sales to offset the general price downward trend of the last years. However in year 2019 the price has been stable since the beginning of the year, TPCPLC has sold 52,000 tons more of cement than in 2018, though the clinker output dropped by 3% compared to previous year, remaining the second best ever year in terms of clinker production after 2018.

The Operating Profit increased by 9% compared with the previous year, the drivers have been the sales volume increase, price stability, and a more competitive variable cost, all of it provides the ground to sustain and secure the dividends to our shareholders at a predictable high level.

The strong and loyal customer network made possible to increase our volumes, extending our commercial efforts to all the Tanzanian territory and neighbouring countries, where exports have increased over 160,000 tons over previous year, spreading the brand recognition beyond our borders.

Pressure on price and large overcapacities will remain a challenge for the industry, but we are confident in our teams, products and services to keep supporting our customers finding the best solutions in such a competitive environment and to secure value creation for our stakeholders.

### Sales

In 2019 TPCPLC reached a new sales record, the cement market continued to grow around 10%, beyond GDP (6.8%) and above previous year. Estimated cement market demand of Tanzanian reached 5.3 million tons. Ongoing large infrastructure projects consisting of 5,600 Kms of new roads, 2,800 Kms of railways, Dar port in continuous expansion as well as new airports, flyovers, hydropower projects and bridges, are heavily contributing to the growth of the building activity in Tanzania in 2019 and coming years. Twiga is deeply involved in all these

projects. The trend remains strong and in the last five years total sales have increased 50% and 600,000 tons, and the exports in the same period around 250,000 tons.

The cement industry in Tanzania includes six integrated plants and several grinding facilities with production capacity over 10.6 million tons, as a result the utilization capacities are low, but TPCPLC has adapted to the new market conditions by reinforcing one more year the commercial team, targeting all the regions in the Country and working closely to our distributors to position our products in every market segment. The overcapacity in the Tanzanian cement industry represents around 5 million tons, this scenario will bring tough competition in the months to come, but despite this difficult market environment, TPCPLC is determined to remain the market leader by delivering top quality products and keeping customer satisfaction in the focus of all our efforts and actions. Exports towards our neighbouring countries will remain critical to optimize the capacity utilization that nowadays the Tanzanian cement industry is facing.

### Operations

In 2019 we faced some unexpected challenges and shutdowns at the beginning of the year, but despite these difficulties TPCPLC was able to achieve by year end the targets for clinker production and hit a new record for dispatching and cement production. The new kiln achieved better operating coefficients and production rates, as well as the mills, on the other hand the old kiln was struggling with electrical failures mainly due to power cuts and dips. One more year operational parameters improved like kiln fuel efficiency or power consumption, mainly due to better power monitoring, continuous follow up to avoid idle running hours, mills better performance and expert system implementation. Year 2019 shows again a positive trend in terms of clinker incorporation and plant performance overall. This was the direct result of the excellent response to the challenges the industry is facing, confirming once more the need to focus on efficiency improvement and the reduction of production costs to remain competitive.

The efforts made throughout the year on the operational side to increase clinker production, whilst overcoming technical challenges, combined with the focus on producing high quality products, whilst maintaining strong customer relationships and service excellence, has allowed TPCPLC to improve full year results.

In 2019 TPCPLC has invested 40% more than in the previous years, our capital expenditure projects focused on raw materials cover shed, mills rehabilitation, and on kiln 3 and 4 to sustain continuous clinker production growth; as a result we were able to increase sales by 20% more than three years ago. We have also deeply explored the different opportunities to improve the energy management mainly related to the gas consumption which has achieved this year the lowest heat consumption ever. On the other hand our procurement team has also exploited some of the potential savings linked to the raw material sourcing.

Our top priority remains providing top quality products to our customers, and therefore the quality control system is key for Twiga in order to secure the highest quality standard within the industry. TPCPLC cement plant at Wazo Hill is ready to face the tough competition and operational challenges in full compliance with the environmental regulations.

### Financial Performance

In year 2019 TPCPLC managed to achieve an Operating Profit of 87.3 bn TZS, 9% above 2018, mainly due to higher total revenue (6%), better variable cost, and administrative expenses (7%). There is a positive trend in terms of variable cost reduction as a result of a more efficient raw materials and energy cost management that becomes a must to face the current market environment. The cash flow position has also improved again and our balance sheet remains robust and healthy mainly due to higher current assets, particularly higher cash and cash equivalents, plus 10% compared to previous year, making possible to deliver good, stable and predictable dividends to our shareholders one more year. Year 2019 was also critical to move forward and consolidate the organization and processes at Country level, but also a good opportunity for TPCPLC to lead and coach the new East African Cluster with its best practices. All these efforts together with the operational improvements are making possible to offset the stiff competition and to face the coming challenges with a stronger financial position.

### Corporate Citizenship

TPCPLC top priority in 2019 has been achieved, it is to protect our employees and prevent potential accidents and incidents at the work place, the zero fatality target is a must, also to improve our performance indicators regarding Health and Safety as well as OHSAS 18001 certification renewal. TPCPLC closed the year without fatalities and without "lost time injury" in own and third party employees which clearly reflects the full commitment of the Team.

TPCPLC carried out various environment programs as per its environment management plan. Eight environment training programs were facilitated during the year by the company, conducted within our Wazo quarry, participants were stakeholders from NGOs, municipalities, universities, government institutions & diplomatic missions, primary, secondary and higher learning institutions, TPCPLC employees and contractors. These trainings or workshops carried out were about quarry rehabilitation and promotion of urban forestry concept in cement factories. By December 2019, 152,354 tree seedlings were donated for greening activities to the mentioned stakeholders from our tree nursery, and 70,934 were planted for quarry rehabilitation within the factory. At

## Managing Director's Report - continued

the same time in 2019, we had surveillance audit for environment standard ISO 14001:2015 and we retained our certification.

On the corporate social responsibility (CSR) front, the company continued to support nonprofit organizations, schools and government institutions working to advance education, protect the environment, and strengthen communities around the country. During the year 2019, the company intentionally and thoughtfully contributed to changing lives of communities surrounding the plant, and beyond. We especially worked with different schools and nonprofit organizations strengthen student's interest in ICT programs with support of more than 100 desktop computers donated to at least 5 secondary schools based within cement factory municipality. Infrastructure related support in form of cement and expertise was also given to various schools and institutions within the country.

### Future Ahead

The industry will continue to face tough competition due to the overcapacity and the new challenges, some are global like Covid 19, having a direct impact in sales and in the supply chain, however TPCPLC is moving fast to adapt to this new scenario maintaining its market leadership position, and will remain fully committed to support the ongoing growth of the Country, by developing high quality products to be delivered in all territory at an accessible price. We will keep our strong focus on production cost reduction initiatives and process improvement programs, keeping in mind our priorities regarding the health and safety of our employees as well as our environmental policies. TPCPLC will lead the industry with the highest standards to become a reference in the market, making sure our customers and stakeholders are the beneficiaries of our different efforts and initiatives. TPCPLC is a customer oriented Company fully committed to provide value added services and quality products. Our Team is determined to keep our competitive edge in our operations at Wazo Hill as well as in the market. I would like to thank all our stakeholders and particularly our distributors and customers for their support during the year. We have every confidence that TPCPLC will continue to deliver good value for our shareholders in 2020.





Mwaka 2019 ulikuwa na matokeo chanya kwa Kampuni, miradi ya uboreshaji wa miundo mbinu na ukuaji wa uchumi umechangia kukua kwa soko la saruji na sekta ya ujenzi kwa kiwango cha juu ukilinganisha na mwaka uliopita.

Mr .Alfonso Velez  
Managing Director

### Utangulizi

Mwaka 2019 ulikuwa na matokeo chanya kwa Kampuni, miradi ya uboreshaji wa miundo mbinu na ukuaji wa uchumi umechangia kukua kwa soko la saruji na sekta ya ujenzi kwa kiwango cha juu ukilinganisha na mwaka uliopita. Licha ya ushindani mkubwa na wingi wa saruji katika soko la ndani, Kampuni imeendelea kuongoza katika soko la saruji na imetoa matokeo mazuri kuliko mwaka uliopita.

Kwa mara nyingine tena mwaka 2019 tulifanikiwa kuweka rekodi mpya ya mauzo ya juu zaidi ya saruji. Bei ya saruji kwa mwaka 2019 iliendelea kuwa thabiti tangu mwanzo wa mwaka. Kampuni iliua tani 52,000 za saruji zaidi ikilinganishwa na mwaka 2018, hata hivyo uzalishaji wa klinka ulishuka kwa asilimia 3 ikilinganishwa na mwaka uliopita, na kubakia kuwa mwaka bora zaidi katika uzalishaji wa clinker baada ya mwaka 2018.

Faida ya uendeshaji iliongezeka kwa asilimia 9 ikilinganishwa na mwaka uliopita, haya yote yalitokana na ukuaji katika mauzo, bei thabiti na gharama ndogo za uzalishaji, yote haya yametoa msingi wa kuendelea kutoa gawio kwa wanahisa katika kiwango cha juu.

Uwepo wa wateja waaminifu imesaidia kuongeza mauzo, na kuongeza wigo wa soko Tanzania nzima na nchi jirani, ambapo mauzo nchi jirani yameongezeka kwa zaidi ya tani 160,000 ikilinganishwa na mwaka uliopita, na kusaidia kuongeza kuitangaza zaidi chapa ya Twiga Cement nchi jirani.

Mvutano wa bei na uzalishaji wa saruji zaidi ya soko lililopo vitabaki kuwa changamoto, lakini tuna imani kubwa na timu, bidhaa na huduma zetu kuendelea kuwasaidia wateja wetu kupata suluhisho sahihi katika mazingira ya ushindani na kuendelea kutengeneza na kutunza dhamana za wadau wetu.

### Mauzo.

Mwaka 2019 Kampuni iliweka rekodi mpya ya mauzo, soko la saruji liliendelea kukua takribani asilimia 10, zaidi ya Pato la Taifa (6.8%) na zaidi ya mwaka uliopita. Wastani wa ukuaji wa soko la saruji ya nchini ilifikia tani milioni 5.3. Miradi mikubwa ya miundombinu inayoendelea inajumuisha 5,600 kilomita za barabara mpya, 2,800 kilomita za reli, bandari ya Dar es salaam inaendelea na upanuzi pia, upanuzi wa viwanja vya ndege vipya, barabara za juu, miradi ya umeme na madaraja, vimechangia sana ukuaji wa shughuli za ujenzi nchini Tanzania mnamo mwaka wa 2019 na miaka ijayo. Twiga inahusika sana

katika miradi hii yote. Muelekeo wa mauzo umebaki kua wa nguvu, ndani ya miaka mitano iliyopita mauzo ndani na nje ya nchi yameongezeka kwa asilimia 50 ni sawa na tani 600,000, tani 500,000 ikiwa ni mauzo yaliyofanya nje ya nchi.

Sekta ya saruji Tanzania inajumuisha viwanda sita (6) vya uzalishaji wa saruji na viwanda kadhaa vya kusaga saruji ambavyo vina uwezo wa kuzalisha tani milioni 10.6, hivyo utumizi wa viwanda hivi ni mdogo, lakini Kampuni imejiimarisha katika soko kwa kuimarisha mwaka mwingine mmoja zaidi kwa kufanya timu ya mauzo, kulenga mikoa yote nchini na kufanya kazi kwa karibu na wasambazaji wetu na kufanya bidhaa zetu kuwepo mahali popote sokoni.

Kuzidi kwa simenti sokoni zaidi ya inayohitajika inakadiriwa kua tani milioni 5, hali hii italeti ushindani mgumu katika miezi ijayo, lakini licha ya mazingira haya magumu ya soko, Kampuni imedhamiria kuendelea kua kinara sokoni kwa kusambaza bidhaa bora zaidi na kuhakikisha inakidhi mahitaji ya wateja wake. Mauzo ya nje ya nchi kwa nchi jirani yatabikia kuwa muhimu sana ili kuweza kuuza zaidi licha ya changamoto za soko ya saruji Tanzania.

### Uendeshaji

Kwa mwaka 2019 tulipata changamoto ambazo hazikutarajiwa na kupelekea kusimamisha uzalishaji mwanzoni mwa mwaka, lakini mbali na changamoto hizo Kampuni iliweza kufikia malengo ya uzalishaji wa klinka na kuweka rekodi mpya ya uuzaji na uzalishaji wa simenti. Tanuru jipya la klinka lilifikia viwango bora kabisa vya uendeshaji na uzalishaji pamoja na mitambo ya kuzalisha saruji. Kwa upande mwingine tanuru la zamani la klinka lilijikongoja kutokana na vifaa vya umeme kushindwa kufanya kazi vizuri. Kwa mwaka mwingine tena, viashiria vya uendeshaji vilimarika vizuri mfano ufanisi wa mafuta kwenye tanuru la klinka au matumizi ya umeme, zaidi ni kutokana na ufuatiliaji wa karibu wa umeme, ufuatiliaji wa mara kwa mara ili kuepuka kupoteza muda, ufanyaji kazi mzuri wa mitambo ya kuzalisha simenti na ufungaji wa programu ya kitaalamu ya kudhibiti mitambo ya uzalishaji.

Mwaka 2019 umeonyesha muendeleo chanya katika matumizi ya klinka ndani ya saruji pamoja na kuendelea ufanisi wa kiwanda kwa ujumla. Haya yalikuwa ni matokeo mazuri sana yaliyotokana na mwamko wa kukabiliana na changamoto za sekta ya saruji na kujikita zaidi kuingeza ufanisi na kupunguza gharama.

Katika mwaka 2019 Kampuni iliwekeza asilimia 40 zaidi ya miaka ya nyuma, uwekezaji huo ulilenga mahali pa kuhifadhi malighafi, uboreshaji wa mitambo ya uzalishaji, na kwenye matanuru namba 3 na 4 ili kuweza kuwa na uzalishaji endelevu wa klinka, hivyo tulifanikiwa kuongeza mauzo kwa asilimia 20 zaidi ilivyokuwa miaka mitatu iliyopita. Pia tumeweza kugundua fursa mbalimbali ili kuboresha usimamizi wa nishati unaoendana na matumizi ya gesi ambapo kwa mwaka huu tumeweza kufikia matumizi madogo zaidi ya nishati ya gesi zaidi ya kipindi chochote. Kwa upande mwingine, timu yetu ya manunuzi na ugavi wameweza kupata njia bora ya kutafuta vyanzo vya malighafi, hivyo kupunguza gharama.

Vipaumbele vyetu vinabaki kutoa bidhaa zenye bora wa hali ya juu kwa wateja wetu, na pia mfumo mzuri wa kusimamia ubora ndio jambo la msingi kwa Twiga Cement ili kulinda ubora wetu wa hali ya juu uliopo kwenye tasnia nzima ya soko la simenti.

Kiwanda cha Kampuni kilichopo kilima cha Wazo kipo tayari kukabiliana na ushindani na changamoto za uendeshaji na kufuata taratibu za mazingira.

### Utendaji Kifedha

Katika Mwaka 2019 Kampuni imeweza kufikia malengo ya faida ya Uendeshaji kiasi cha Shilingi za Kitanzania bilioni 87.3, sawa na asilimia 9 zaidi ya mwaka 2018, hasa kutokana na ongezeko la mapato (6%), kupungua kwa gharama za uzalishaji, na gharama za kiutawala (7%). Gharama za uzalishaji zimepungua kutokana na ufanisi katika kupatikana kwa malighafi na kudhibiti gharama za nishati ambayo ilikuwa ni lazima ili kuweza kukabiliana na hali ya soko la sasa.

Uwezo wa kifedha umeimarika maradufu na hali ya kifedha imeimarika vizuri hasa kwa sababu ya mali za uzalishaji na uwepo wa fedha, hii ni zaidi ya asilimia 10 kulinganisha na mwaka uliopita, kufanya kampuni kuweza kuwapa wanahisa gawio zuri kwa mwaka mwingine tena. Mwaka 2019 Kampuni iliboresha taratibu za kazi na kutumia fursa hii katika kubadilishana uzoefu na nchi nyingine katika Klasta ya Afrika Mashariki. Juhudi zote hizi pamoja na kuimarika kwa uendeshaji wa kampuni zimewezesha kampuni kufanya vyema katika ushindani na kutatua changamoto zote zijazo na kufanya kampuni kua imara kifedha.

### Uraia Mwema

Vipaumbele vya juu vya Kampuni kwa mwaka 2019 vimetimizwa, hii ni pamoja na kuwalinda wafanyakazi wetu na kuwakinga na ajali na matukio hatarishi katika maeneo ya kazi, kutokuwa na ajali kabisa ni lazima, na pia kuimarisha vigezo cha Afya na Usalama pamoja na kupata cheti cha OHSAS 18001. Kampuni imefunga mwaka bila kuwa na ajali yoyote kwa wafanya kazi wake na makandarasi, hii inaonesha uwajibikaji na uadilifu kamili wa timu yetu.

Kampuni imetekeleza shughuli mbalimbali za mazingira kama ilivyoainishwa kwenye mpango wake wa mazingira. Shughuli nane ziliwezesha katika mwaka 2019 na Kampuni. Shughuli hizi zilifanyika kwenye machimbo ya Wazo huku washiriki wakitokea kwenye asasi, manisipaa, vyyo vikuu, taasisi za Serikali, balozi, shule za msingi na sekondari, wafanyakazi wa Kampuni na makandarasi. Shughuli hizi zilifanyika katika machimbo kama njia ya kuhamasisha utunzaji wa miti katika maeneo ya mijini na maeneo ambapo viwanda vya saruji vipo. Kufikia mwezi Desemba jumla ya miche 152,354 kutoka katika vitalu vilivyopo katika machimbo ilitolewa kama msaada kwa wadau waliotajwa hapo juu,

miche 70,934 ilipandwa katika machimbo ili kurejesha hali yake ya awali. Pia mwaka 2019 tulipata ithibiti ya ISO 140001:2015.

Kwenye nyanja ya jamii, Kampuni ilizisaidia taasisi zisizo za kiserikali, shule na taasisi za serikali katika kutoa mafunzo ya kutunza mazingira na kuimarisha jamii nchini. Kwa mwaka 2019 Kampuni ilichangia kubadilisha maisha ya jamii zinazo zunguka kiwanda na pembezoni. Tulifanya kazi na shule mbali mbali na mashirika yasiyo ya faida kuimarisha uelewa wa wanafunzi juu ya mitaala ya teknolojia kwa kugawa tarakilishi zaidi ya 100 kwa shule 5 za sekondari zilizopo ndani ya manisipaa ya eneo kilipo kiwanda. Msaada kimiundombinu kama saruji na utaalam pia vilitolewa kwa shule na mashirika mbalimbali ndani ya nchi.

### Siku zijazo

Sekta ya viwanda vya saruji itaendelea kupata ushindani mkubwa kwa sababu ya uzalishaji wa saruji zaidi ya soko lililopo na matatizo mapya yanayojitokeza kwa mfano, homa ya mapafu (Covid-19) iliyopo sasa ambayo imeathiri moja kwa moja uuzaji na usambazaji wa saruji. Hata hivyo, TPCPLC inaendelea vizuri kupambana na hizi changamoto ili kuendelea kujikita kuwa kileleni sokoni, na tutaendelea kusaidia kukua kwa uchumi nchini kwa kuzalisha bidhaa zilizo na ubora zitakazo sambazwa mahali popote nchini kwa bei nafuu. Tunaweka malengo thabiti kabisa kupunguza gharama za uzalishaji na namna bora za uzalishaji, huku tukitambua kuwa tunapasa kulinda usalama na afya bora kwa wafanyakazi na sera ya mazingira. Kampuni itaongoza sekta ya viwanda kwa kuweka viwango vya juu ili tuwe mfano katika soko, hii ni kwa kuhakikisha kuwa wateja wetu na wadau wote wananufaika kwa mipango na jitihada zetu. TPCPLC ni kampuni iliyojikita zaidi kwa wateja wake na itaendelea kutoa huduma bora na bidhaa zilizo bora. Timu nzima imeweza malengo ya ushindani kwenye uendeshaji wa kiwanda pamoja na ushindani sokoni. Napenda kuwashukuru wadau wote na kwa namna ya pekee wateja na wasambazaji wetu kwa jinsi walivyo tusaaidia kufika hapa tulipo kwa mwaka mzima. Tuna Imani kubwa kuwa tutaendelea kuwapatia thamani kubwa wanahisa wetu.





**Mr. Hakan Gurdal**  
Turkish/ Mturuki

**(Engineer, Masters Degree in Business Administration)**

Mr. Hakan Gurdal was appointed Chairman of TPC Board in August 2017. Studies in mechanical engineering at the Yildiz Technical University in Istanbul and MBA International Management of the University of Istanbul. He joined Canakkale Cimento (today part of the joint venture Akcansa) in 1992. Gurdal is a member of the Managing Board since 2016; in charge of the Africa-Eastern Mediterranean Basin Group area and Purchasing.

Bw. Hakan Gurdal aliteuliwa Mwenyekiti wa Bodi ya Wakurugenzi wa TPCC mwezi Agosti 2017. Hakan amesomea shahada ya uandisi katika Chuo Kikuu cha Yildiz kilichopo Istanbul, pia amesomea shahada ya pili ya biashara (MBA) katika Chuo Kikuu cha Istanbul. Gurdal alijiunga na Canakkale Cimento mwaka 1992 na amekuwa mjumbe wa Bodi ya Uongozi tangu mwaka 2016 akisimamia kanda ya Afrika-Mediterrania Mashariki.



**Mr. Francesco Brambilla**  
Italian/Muitaliano

**Engineer, Master Degree in Business Administration (MBA)**

Francesco Brambilla was appointed as TPCPLC board member in April 2018. He graduated in Civil Engineering from Pavia university (IT) and holds an MBA from Essec Business School (FRA) and Mannheim Business School (GER).

Francesco joined Heidelberg Cement in 2016 as Market Intelligence and Sales Processes Director for Africa and Eastern Mediterranean Basin Group area. With a vast experience in the cement business, prior to his current role Francesco has covered several managerial positions both in operations and in strategy & business development, in Europe and in Africa.

Francesco aliteuliwa kuwa mjumbe wa bodi ya TPCPLC mwezi April 2018. Francesco alihitimu shahada ya uhandisi na kutoka Chuo Kikuu cha Pavia na shahada ya pili katika usimamizi wa fedha kutoka vyuo vikuu vya Essec (FRA) na Mannheim (GER).

Francesco alijiunga na Heidelberg Cement mwaka 2016 kama Mkurugenzi wa Idara ya Intelijensia ya Masoko na Mauzo ukandawa Afrika na Mashariki ya Mediterranean, akiwa na uzoefu mkubwa katika biashara ya saruji. Kabla ya kujiunga na Heidelberg Cement, Francesco alishika nyadhifa mbalimbali za kiutawala kwenye masuala ya uendeshaji, sera na biashara katika bara la Ulaya na Afrika.



**Mr. Alfonso Velez**  
Spanish/ Mhispania

**(Phd Economics & Business Organisation and Masters Degree in Business Administration (MBA) )**

Mr. Alfonso Velez was appointed as the Managing Director of TPCC from August 2016. In August 2017, Alfonso was appointed as the General Manager for Central and South-East Africa operations which comprised of Tanzania, Congo DRC, Mozambique and South Africa. Alfonso holds a Phd of Economics & Business Organization from University of Granada, MBA Corporate Finance from University of Dallas. Alfonso has a vast experience in cement industry and related companies in Europe before joining HeidelbergCement Group in 2013 as the Managing Director of CIMBENIN.

Bw. Alfonso Velez aliteuliwa kuwa Mkurugenzi Mtendaji wa TPCC mwezi Agosti 2016. Mwezi Agosti 2017 aliteuliwa kuwa meneja mkuu wa kanda ya kati kusini mashariki ya Afrika ambayo hujumuisha nchi za Tanzania, Congo DRC, Msumbiji na Afrika Kusini. Alfonso Velez amesomea shahada ya uzamifu katika uchumi katika Chuo Kikuu cha Granada, Shahada ya pili ya masuala ya fedha (MBA) katika Chuo Kikuu cha Dallas. Alfonso ana uzoefu wa miaka mingi katika sekta ya saruji na amefanya kazi katika bara la Ulaya kabla ya kujiunga katika kundi la makampuni ya Heidelberg Cement mwaka 2013, kama Mkurugenzi Mtendaji wa kampuni ya CIMBENIN.



**Mr. Gary Whitehead**  
British/ Muingereza

#### (FCCA)

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

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



**Mr. Oswald Martin Urassa**  
Tanzanian/ Mtanzania

#### (MBA Finance from the University of Strathclyde Business of School, FCCA)

Mr. Oswald Urassa is a CFO of Tanzania Mortgage Refinance Co. Ltd. Urassa studied finance at the University of Dar es Salaam and he is registered by the National Board of Accountants and Auditors in the category of Certified Public Accountant in Public Practice (CPA-PP). Urassa has been a member of the board to various organizations including Government Employees Provident Fund (GEPF), National Board of Accountants and Auditors (NBAA), Tanzania Association of Accountants (TAA), Investment Trust Board (ITB) and Evangelical Lutheran Church of Tanzania, Eastern and Coastal Diocese (ELCT-ECD).

Bw. Oswald Urassa ni Mtendaji Mkuu wa Idara ya Fedha ya kampuni ya Tanzania Mortgage Refinance. Urassa amesomea masuala ya fedha katika Chuo Kikuu cha Dar es Salaam na pia amesajiliwa na kuthibitishwa kama mhasibu (CPA-PP) na Bodi ya Taifa ya Wahasibu na Wakaguzi (NBAA). Urassa ni mwenyekiti au mjumbe wa bodi za mashirika mbalimbali kama vile Shirika la Hifadhi ya Jamii la Watumishi wa Serikalini (GEPF), Bodi ya Taifa ya Wahasibu na Wakaguzi (NBAA), Chama cha Wahasibu (TAA) na Shirika la uwekezaji lililo chini ya Kanisa la Kilutheri Tanzania.



**Ruth Henry Zaipuna**  
Tanzanian/ Mtanzania

#### (Masters Degree in Business Administration, CPA-PP)

Mrs. Ruth Zaipuna is the Finance Director at Standard Chartered Bank Tanzania since 2012, and prior joining Standard Chartered Bank, Ruth was working with Price water house Coopers as Assurance Director. She studied finance at the University of Dar es Salaam and she is registered by the National Board of Accountants and Auditors, in the category of Certified Public Accountant in Public Practice (CPA-PP).

Bi. Ruth Zaipuna ni Mkurugenzi wa Fedha wa benki ya Standard Chartered Tanzania. Kabla ya kujiunga na Standard Chartered Tanzania, Ruth aliwahi kuwa Mkurugenzi katika idara ya ukaguzi katika kampuni ya PricewaterhouseCoopers. Ruth amesomea shahada ya pili ya biashara (MBA) katika Chuo Kikuu cha Dar es Salaam. Pia, Ruth amesajiliwa na kuthibitishwa kama mhasibu (CPA-PP) na Bodi ya Taifa ya Wahasibu na Wakaguzi (NBAA).



## Key Management Personnel



Mr. Peter James  
Finance Director

Mr. Jerome Mwakabaga  
Health & Safety Manager

Mr. Alfonso Velez  
Managing Director

Evaline Mushi  
Director of Human Resources



CREATING CONNECTIONS

TANZANIA PORTLAND CEMENT PUBLIC LIMITED COMPANY ANNUAL REPORT 2019



**Mr. Yves Maigne**  
Commercial Director

**Mr. Ahmed Elawry**  
Plant Manager

**Mr. Gregory Ndimbo**  
Internal Audit & Quality Assurance Manager

**Mr. Richard Magoda**  
Environmental Manager

**Ian Dobson**  
Procurement Director



## Directors' report

The directors present their report and the audited financial statements for the financial year ended 31 December 2019 which disclose the state of affairs of Tanzania Portland Cement Public Limited Company ("the Company" or "TPCPLC").

### 1. INCORPORATION

The Company is incorporated in Tanzania under the Tanzanian Companies Act, 2002 as a public company limited by shares.

### 2. COMPANY'S VISION

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

### 3. COMPANY'S MISSION

To satisfy customers by providing them with a high-quality products and services at an affordable price.

### 4. PRINCIPAL ACTIVITIES

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

### 5. QUALITY STATEMENT

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

## 6. KEY MANAGEMENT PERSONNEL OF THE COMPANY

The directors of the Company who served during the year, and to the date of this report, are:

Name	Title	Nationality	Age	Qualification
Mr. Hakan Gurdal	Chairman	Turkish	51	Engineer, MBA
Mr. Gary Whitehead	Director	British	49	FCCA
Mr. Alfonso Velez	Managing Director	Spanish	51	MBA
Mr. Oswald Martin Urassa	Director	Tanzanian	54	B.com, MBA, CPA(T)
Mrs. Ruth Henry Zaipuna	Director	Tanzanian	46	B.com, MBA, CPA(T)
Mr. Francesco Brambilla	Director	Italian	48	Engineer

All current Directors are non-executive except for the Managing Director.

The Company Secretary during the year ended 31 December 2019 was Mr Brian Kangetta (Kenyan), 42 years old.

## 7. AUDIT COMMITTEE

The Audit Committee members who served during the year, and to the date of this report, are:

Name	Nationality	Qualification
Mr. Gary Whitehead	British	FCCA
Mr. Dominik Michel	German	Bachelor BA
Mrs. Ruth Henry Zaipuna	Tanzanian	B.com, MBA, CPA(T)

## DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

Name	Number of shares	
	2019	2018
Mr. Oswald Martin Urassa	500	500

## 8. DIRECTORS' REMUNERATION

The Company paid a total of TZS 100.5 million (2018: TZS 99.5 million) for services rendered by Directors of the Company and members of the Audit Committee.

## 9. KEY MANAGEMENT PERSONNEL OF THE COMPANY

The key management personnel who served the Company during the year ended 31 December 2019 were:

Name	Title
Alfonso Velez	Managing Director
Luis Llimos (to 30 Sep 2019)	Finance Director
Peter James (from 1 Oct 2019)	Finance Director
Jesse Shuma (to 30 Sep 2019)	Director of Human Resources
Evaline Mushi (from 1 Oct 2019)	Director of Human Resources
Yves Mataigne	Commercial Director
Ahmed Elsayy	Plant Manager
Peter Mohamed	Procurement Manager
Richard Magoda	Environmental Manager
Jerome Mwakabaga	Health & Safety Manager
Ian Dobson	Procurement Director

The company has an independent internal audit function reporting directly to the Board audit committee. The Internal Audit and Quality Assurance Manager is Gregory Ndimbo.

## 10. REVIEW OF THE BUSINESS

The Company recorded an increase in sales volume of 2.95% from 2018 to 2019. The turnover increased from TZS 328.4 billion in 2018 to TZS 348.8 billion in 2019, an increase of 7.7%. The improved performance and competitive environment in the market contributed to the increased turnover.

The Company made a total operating profit of TZS 87.3 billion compared to TZS 80.1 billion in 2018, an increase of 9%. The increase in operating profit was a result of improved performance. Profit before tax increased from TZS 81.7 billion in 2018 to TZS 85.9 billion in 2019.

After the effect of income tax of TZS 26.2 billion (2018: TZS 24.9 billion), the net profit for the year was TZS 59.7 billion (2018: TZS 56.9 billion). Total comprehensive income amounted to TZS 58.7 billion (2018: TZS 56.5 billion).

The operating results are shown on page 19.

## 11. FUTURE PROSPECTS OF THE COMPANY

The cement demand in Tanzania and in the East-African region has been growing steadily over the past years. Having invested in expanded capacity together with rehabilitation of the old clinker lines as well as on strategic sources of raw materials to secure over 150 M Tons of reserves for its future expansion, the Directors believe the Company is well placed to meet this growing demand.

## 12. SOLVENCY EVALUATION

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

## 13. ENVIRONMENTAL CONTROL PROGRAMME

### Quarry Rehabilitation

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

Quarrying activities continue in line with the Company's environmental policy and commitment to re-naturalise the quarry. The Company is demonstrating its commitment by doing rehabilitation in the area where there are no more mining activities, supporting environmental conservation activities and also capacity building to surrounding communities and other stakeholders to create environmentally responsible community. Different stakeholders were involved in various aspects of the project which included tree planting, provision of environmental education and training, trees distribution to local communities outside TPCPLC. Also, TPCPLC works closely with the National Tree Seeds Agency (TTSA) researchers and scientists from the University of Dar es salaam (UDSM), environmental experts based in Heidelberg Cement Group in Germany, local and international volunteers,



By 31 December 2019 approximately 18 hectares in the quarry were completely rehabilitated, 297,058 seedlings were already raised in the quarry and 70,934 trees planted in the quarry with a survival rate of 85.69%. A total of 3,647 trees re-planted during the year and 35,116 trees were donated to stakeholders. The total number of trees donated to various stakeholders by the end of December 2019 was 152,354 trees.

Pruning of the invasive *Leucaena leucocephala* trees was done in the quarry so as to plant more valuable trees for future use. A total of 325 trees were cut including *Leucaena leucocephala* (Lusina), *Senna Siamea* (Johoro), *Azadirachta Indica* (Mwarobaini), *Gmelina Arborea* and *Peltophorum Pterocarpum*. Only indigenous trees were planted including *Mkangazi* (*Kyaha Anthotheca*), *Mkongo* (*Afzelia quanzensis*), *Mgunga* (*Acacia Spps.*), *Mtiki* (*Tectona grandis*), *Mkwaju* (*Tamarindus Indica*), *Mbuyu* (*Adansonia digitata*) and *Mkenge* (*Albizia Schimperiana*)

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

#### 14. ENVIRONMENTAL CONTROL PROGRAMME (Continued)

##### ISO 14001:2004 (Environmental Management System)

TPCPLC continues to maintain the ISO 14001 certification, the Company is now certified ISO 14001:2015 and the renewal audit for this new certificate was carried out in 2019. The Company continues to strive to improve its Environmental Management Systems by keeping abreast with environmental trends and implementing its objective and targets by following planned Environmental Monitoring Programmes as per the national and Heidelberg Cement requirements.

#### 15. HEALTH AND SAFETY

At TPCPLC, occupational health and safety continues to be a top priority. Besides the continued improvement of technical and organizational safety standards within the Company, in 2019 TPCPLC intensified its efforts in improving health and safety performance in its operations through risk assessments and related programmes in order to strive for healthy and working conditions of its own employees, contractors and third parties.

The Company manages health and safety issues using appropriate occupation health and safety management systems. It implements an Occupational Health and Safety

Management System (OHSMS) as part of the risk management strategy and has Occupational Health and Safety Management System (OHSAS 18001:2007) certification. TPCPLC is committed to complying with all applicable local, regional, national and international registration, rules and guidelines concerning health and safety.

Achieving Excellence in Occupational Health and Safety, Management will continue to place emphasis on health and safety of employees and third-party service providers, taking our social responsibility seriously, the commitment to H&S is an integral part of business activities of TPCPLC. Our goal is to avoid all accidents leading to death, injuries or permanent disabilities and to substantially reduce our lost time injury frequency and severity rates.

#### 16. MAJOR EVENTS

There were no major events during the year.

#### 17. EMPLOYEE WELFARE

##### a. Relationship between management and employees

The relationship between employees and management for the year ended 31 December 2019 continued to be good. There were no unresolved complaints received by management from employees during the year. A healthy relationship continues to exist between management and the Trade Union. A voluntary agreement entered into between the Tanzania Union of Industrial and Commercial Workers (TUICO) and the Company governs the relationship between management and employees.

##### b. Staff strength and gender parity

As at 31 December 2019, the Company had 283 employees, out of which 32 were female and 251 were male (2018: Total 285; female 30 and male 255).

##### c. Medical facilities

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

##### d. Industrial safety

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

#### e. Training

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

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

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

#### f. Employee benefits

Salary levels are adjusted annually within the Company's means after negotiations between TUICO and management.

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 of each employee to NSSF on behalf of all employees. Retirement benefits payable under the Statutory Pension Scheme are supplemented by an endowment scheme, for which the Company contributes 10% of the employee's basic salary.

#### g. Equal opportunities and Disabled persons

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

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

### 18. CORPORATE GOVERNANCE

#### Code of Corporate Practice and Conduct

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

#### a. The Board of Directors

The Board currently comprises six directors; five Non-Executive Directors and the Managing Director. The roles of Chairman and Managing Director are separate. The Board is responsible to shareholders for the overall management of the Company, for setting strategy and policies, monitoring of operational performance, risk management processes and setting of authority levels. The Board met 3 times in 2019 (2018: 3 times).

#### b. The Audit Committee

The Board is assisted in the discharge of its responsibilities related to financial reporting, compliance, risk management, accounting and information systems management by the Audit Committee. The Audit Committee is chaired by one of the Non-Executive Directors. Meetings are held throughout the year and are attended by senior management and the Company's auditors where necessary. The Audit Committee met 2 times in 2019 (2018: 3 times).

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

#### e. Business ethics and organizational integrity

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



#### 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.

### 19. RISK MANAGEMENT

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

This will ensure that:

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

The Company utilises the Company's financial regulations, Group and Company internal audits, Group compliance audits, Group environment and safety audits, Code of business conduct, anti-corruption guidelines, general macro and micro-economic data, and market surveys to put in place the process for assessing and supervising the internal control and risk management. This position has been strengthened by the Audit Committee which reviews the effectiveness of the risk management system on a regular basis. Risks that may have significant impact on the Company's assets and financial position for the year ended 31 December 2019 are classified as operational risks, market risks and financial risks:

#### Operational risk

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

The TPCPLC limestone quarry is the beginning of cement manufacturing process. Limestone with proportionate mix of red soil is converted into raw meal. Finely blended raw meal is then introduced into kilns to produce clinker. Cement grinding is the final stage of the cement

manufacturing process. In cement mills, the clinker is grounded into cement, with the addition of gypsum and a filler material (depending on market requirements), such as limestone. The availability of limestone quarries is therefore very important for sustainability and the Company ensures it has adequate limestone deposits.

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

#### Market risk

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

#### Financial risks

The significant financial risk is currency risk. The Company's functional currency (TZS) is exposed to fluctuation in the international currency market. This exposes the Company to foreign currency exchange risks. Management is constantly monitoring this risk and taking appropriate decisions so that its impact is minimised. More details on foreign currency risk are included in Note 42 to the financial statements.

### 20. KEY STRENGTHS AND RESOURCES

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

#### Competent Management and Personnel

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

#### Strong Brand and Quality Products

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

### Strong Distribution Network

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

### Market Position

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

### Technical Support

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

### Technology and Machinery

The Company will continue to invest in modern technology; this includes revamping of Cement Mill 3 and the installation of state of art training facility equipped with the cement mill mode and car driving simulator to enhance cement production process.

### High Quality Limestone Reserves

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

## 21. POLITICAL AND CHARITABLE DONATIONS

During the year under review, the Company made donations and other contributions of a charitable nature valued at about TZS 132.5 million (2018: TZS 19.2 million). There were no political donations.

Besides the donations, the Company has also been involved in Corporate Social Responsibility, targeting women, health care, education and children. The total contributions were TZS 61.2 million (2018: TZS 16.1 million).

## 22. DIVIDENDS

The Directors recommend payment of TZS 52.17billion (TZS 290 per share) to shareholders as final dividend for year 2019. The final dividend will be approved in the annual general meeting and paid in June 2020. During the year the Company paid TZS 52.17 billion (TZS 290 per share) as final dividend for financial year 2018. There was no payment of interim dividend in relation to the year ended 31 December 2019. 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.

## 23. SUBSEQUENT EVENTS

The COVID-19 pandemic continued to affect countries and businesses at the time of issuing these financial statements. The risks arising from this pandemic could include market, services and supply chain disruptions, unavailability of key people resources, locations being quarantined, among others. The directors have assessed that, at the time of issuing these financial statements, it was impracticable to determine and disclose the extent of the possible effects of the pandemic on the Company. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from the judgements and assumptions used, could require a material adjustment to the carrying amount of the assets or liabilities reported in these financial statements.

There are no other events after the reporting period which require adjustment to, or disclosure, in the financial statements.

## 24. RELATED PARTY TRANSACTIONS

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

The Company imports raw materials and consumables from HC Trading. Details of related party transactions are shown in Note 38 of the financial statements.

## 25. SHARE CAPITAL

The total issued share capital of the Company amounts to 179,923,100 ordinary shares (2018: 179,923,100 ordinary shares). There is no change in the issued share capital.

The shareholding of the Company is as stated below:

Name	2019 % shareholding	2018 % shareholding
Scancem International DA	69.25	69.25
General Public	22.85	21.54
Government Pension funds	7.75	8.99
Wazo Hill Saving and Credit Cooperative Society	0.15	0.22
	<u>100.00</u>	<u>100.00</u>



## ACCOUNTING POLICIES

The financial statements are prepared on the underlying assumptions of a going concern. The accounting policies which are laid out in Note 3 to the financial statements are subject to annual review to ensure continuing compliance with International Financial Reporting Standards.

## 26. SHAREHOLDERS OF THE COMPANY

The total number of shareholders as at 31 December 2019 was 9,457 shareholders (2018: 9,497 shareholders). The following were the ten largest shareholders of the Company:

Name	Nationality	2019 % of shareholding	2018 % of shareholding
Scancem International DA	Norwegian	69.25	69.25
Parastatal Pension Fund	Tanzanian	5.42	5.42
Standard Chartered Bank Uganda	Ugandan	5.28	5.28
JPMCB-LB Designated First Rand Bank Ltd	South African	1.76	-
Public Service Social Security Fund	Tanzanian	0.56	2.32
National Social Security Fund	Tanzanian	1.24	1.24
Murtaza Basheer Nasser	Tanzanian	0.90	0.90
Umoja Unit Trust Scheme	Tanzanian	0.79	0.79
Sayed H. Kadri/Basharat Kadro/ Mehboob Kadri/Khalid/Muzammil Kadri	Tanzanian	0.59	0.59
Said Salim Awadh Bakhresa	Tanzanian	0.51	0.51

## 27. 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 2019, shares of the Company were continuously traded in the secondary market through auctions organised by Dar es Salaam Stock Exchange (DSE). In the year 2019 the performance of the Company's shares in the secondary market was as follows: Market capitalisation as at 31 December 2019 was TZS 359.85 billion (2018: TZS 370.64 billion). The share price prevailing as at 31 December 2019 was TZS 2,000 per share, compared to TZS 2,060 one year earlier (IPO price was TZS 435 per share).

## 28. AUDITORS

Ernst & Young were the Company's auditors for the year 2019.

### By Order of the Board

Approved by the Board of Directors on 8 APRIL 2020 and signed on its behalf by:

Name:

ALFONSO VELEZ

Name:

RUTH ZAMANA

Title:

MD

Title:

DIRECTOR

Signature:

Alfonso Velez

Signature:

Ruth Zamana







# Taarifa ya Wakurugenzi

Wakurugenzi wanawasilisha taarifa yao pamoja na hesabu za Kampuni ya Tanzania Portland Cement Public Company Limited ("Kampuni" au "TPCPLC") zilizokaguliwa kwa mwaka ulioishia tarehe 31 Desemba 2019.

## 1. KUSAJILIWA.

Kampuni imesajiliwa Tanzania chini ya Sheria za Makampuni ya mwaka 2002 kama kampuni inayomilikiwa kwa hisa.

## 2. MAONO YA KAMPUNI

Kujenga chapa imara kuwa kinara katika soko na kuwa chaguo la kwanza kwa watumiaji wa saruji Tanzania

## 3. MWONGOZO WA KAMPUNI

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

## 4. SHUGHULI KUU

Shughuli kuu ya kampuni ni uzalishaji na uuzaji wa saruji

## 5. SERA BORA.

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

## 6. WAKURUGENZI

Wajumbe wa Bodi ya wakurugenzi ambao wamekuwa wakurugenzi kwa mwaka huu wa fedha mpaka sasa:

Jina	Wadhifa	Utaifa	Umri	Sifa
Bw. Bw.Hakan Gurdal	Mwenyekiti	Mturuki	51	Mhandisi, MBA
Bw. Gary Whitehead	Mkurugenzi	Mwingereza	49	FCCA
Bw. Alfonso Velez	Mkurugenzi Mtendaji	Mhispania	51	MBA
Bw. Oswald Martin Urassa	Mkurugenzi	Mtanzania	54	B.com, MBA, CPA(T)
Bi. Ruth Henry Zaipuna	Mkurugenzi	Mtanzania	46	B.com, MBA, CPA(T)
Bw. Francesco Brambilla	Mkurugenzi	Muitaliano	48	Mhandisi

Wajumbe wote wa Bodi siyo watendaji katika kampuni isipokuwa Bw. Alfonso Velez, ambaye ni Mkurugenzi Mtendaji. Katibu wa Kampuni kwa mwaka ulioishia 31 Disemba 2019 alikuwa Bw. Brian Kangetta (Mkenya), umri miaka 42.

## 7. KAMATI YA UKAGUZI.

Wajumbe wa kamati ya ukaguzi waliotumikia kampuni katika mwaka huu wa fedha walikuwa;

JINA	UTAIFA	SIFA
Bw. Gary Whitehead	Mwingereza	FCCA
Bw. Dominik Michel	Mjerumani	Bachelor BA
Bi. Ruth Henry Zaipuna	Mtanzania	B.com, MBA, CPA(T)

## 8. WAKURUGENZI WANAHISA

IDADI YA HISA	2019	2018
Bw. Oswald Martin Urassa	500	500

## 9. MALIPO YA WAKURUGENZI.

Kampuni lilipa jumla ya TZS 100.5 milioni (2018: TZS 99.5 milioni) kwa huduma zilizotolewa na wakurugenzi na wajumbe wa kamati ya ukaguzi.

## 10. UONGOZI WA KAMPUNI

Safu ya uongozi wa kampuni kwa mwaka ulioishia 31 Disemba 2019 ilikuwa kama ifuatavyo;

Jina	Cheo
Alfonso Velez	Mkurugenzi mtendaji
Luis Llimos (mpaka 30 Sep 2019)	Mkurugenzi Fedha
Peter James (kuanzia 1 Okt 2019)	Mkurugenzi Fedha
Jesse Shuma (mpaka 30 Sep 2019)	Mkurugenzi Rasilimali watu
Evaline Mushi (kuanzia 1 Okt 2019)	Mkurugenzi Rasilimali watu
Yves Mataigne	Mkurugenzi Mauzo na Masoko
Ahmed Elsayy	Meneja Mitambo
Peter Mohamed	Meneja Manunuzi
Richard Magoda	Meneja Mazingira
Jerome Mwakabaga	Meneja Afya na Usalama
Ian Dobson	Mkurugenzi Manunuzi

Kampuni ina kitengo huru cha ukaguzi wa ndani ambacho kinawajibika moja kwa moja kwa Kamati ya Ukaguzi. Kitengo hiki cha ukaguzi na uhakiki wa ubora kinaongozwa na Gregory Ndimbo.

#### 11. TATHMINI YA BIASHARA

Usambazaji wa saruji uliongezeka kwa asilimia 2.95 kutoka mwaka 2018 hadi 2019. Mauzo yaliongezeka kutoka shilingi bilioni 328.4 mwaka 2018 hadi shilingi bilioni 348.8 mwaka 2019, hii ikiwa ni ongezeko la asilimia 7.7. Ongezeko hili la mauzo lilisababishwa na utendaji bora na ushindani katika soko saruji.

Kampuni ilipata faida ya uendeshaji ya shilingi bilioni 87.3 bilioni ikilinganishwa na shilingi bilioni 80.1 mwaka 2018, ni sawa na ongezeko la asilimia 9. Ongezeko la faida ya uendeshaji lilitokana utendaji bora. Faida kabla ya kodi iliongezeka kutoka shilingi bilioni 81.7 bilioni mwaka 2018 hadi kufikia shilingi bilioni 85.9 mwaka 2019.

Baada ya kutoa kodi ya shilingi bilioni 26.2 (2018:shilingi bilioni 24.9), faida iliyobaki ilikuwa shilingi bilioni 59.7 (2018:shilingi bilioni 56.9). Jumla kuu ya mapato ilifikia shilingi bilioni 58.7 (2018: shilingi 56.5)  
Hali halisi ya mwenendo wa kibiashara inaoneshwa katika ukurasa wa 19

#### 12. MATARAJIO YA KAMPUNI KWA SIKU ZIJAZO.

Mahitaji ya saruji nchini na eneo la Afrika ya Mashariki yamekuwa yakiongezeka kwa miaka ya hivi karibuni. Baada ya kuwekeza kwenye mitambo ya kuongeza uwezo wa uzalishaji na ukarabati wa matanuru ya zamani pamoja na upatikanaji mzuri wa kimkakati wa malighafi ikiwa pamoja na kupata machimbo yenye uwezo wa kutoa tani milioni 150 za malighafi ili kukidhi mahitaji ya vipindi vijavyo, wakurugenzi wanaamini kwamba kampuni iko katika nafasi nzuri ya kukidhi mahitaji hayo yanayoongezeka

#### 13. UWEZO WA KULIPA.

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

#### 14. MPANGO WA UDHIBITI WA MAZINGIRA.

##### Uboreshaji wa Machimbo.

Shughuli za uchimbaji zinaweza kuwa na athari kwenye mazingira ikizingatia udongo hutolewa na mwonekano wa ardhi unabadilika au vyanzo vya maji vinaweza kuharibiwa. Wakati au baada ya kuchimba, uboreshaji wa mandhari ya ardhi iliyochimbwa hufanyika na kuhakikisha maisha ya viumbe hai yanatunzwa na kuimarishwa. Uboreshaji wa mazingira unategemea sana hali ya viumbe hai, ushirikiano na watu mbalimbali, wataalamu na motisha ya Kampuni.

Shughuli za uchimbaji zimeendelea sambamba na sera ya mazingira ya Kampuni inayotilia mkazo zaidi katika kutunza asili ya machimbo. TPCPLC ina onyesha dhamira yake katika kuboresha mazingira ya machimbo, kusaia shughuli za uhifadhi wa mazingira, na kuijengea uwezo jamii inayo izunguka kiwanda na wadau wengine ili kujenga jamii inayojali mazingira. Wadau mbalimbali walihusika katika nyanja mbalimbali za upandaji miti, utoaji wa elimu ya mazingira na mafunzo, usambazaji wa miti kwa jumuiya. Kampuni inafanya kazi kwa karibu na watafiti wa mbegu kutoka Mamlaka ya Taifa ya Mbegu za Mti (TISA) na wanasayansi kutoka Chuo Kikuu cha Dar Es Salaam (UDSM), wataalamu wa mazingira kutoka kampuni tanzu HeidelbergCement ya Ujerumani na wale wanaojitolea kuoka ndani na nje ya Tanzania.

Hadi kufikia 31 Desemba 2019, takribani hekta 18 za machimbo zilikuwa zimeboreshwa, jumla ya miche ilikuwa 297,058 ilikuwa imeisha oteshwa kwenye vitalu na jumla ya miti 70,934 ilikuwa imeisha pandwa, yenye uwezekano wa kuishi kwa kiwango cha asilimia 85.69. Jumla ya miti 3,647 ilipandwa kwa mara nyingine na miche 152,354 iligawiwa kwa wadau mbalimbali.

Miti hatarishi aina ya *Leucaena leucocephala* iliweza kuondolewa katika machimbo ili kuweza kupanda miti yenye manufaa kwa matumizi ya baadaye. Jumla ya miti 325 ilikatwa ikiwa ni pamoja na *Leucaena leucocephala* (Lusina), *Senna Siamea* (Johoro), *Azadirachta Indica* (Mwarobaini), *Gmelina Arborea* and *Peltophorum Pterocarpum*. Ikapandea miti asili kama mkangazi, mkongo, mgunga, mitiki, mkwaju, mbuyu na mkenge

Kampuni inaelewa wajibu wake kwa wakazi na jamii nzima na fursa ya kukuza faida za kufanya shughuli za uchimbaji mawe. Tangu mwanzo wa mradi, TPCPLC imefanya matukio ishirini na moja (21) rasmi ya kujenga ufahamu na uwezo kwa wageni, hasa kwa vikundi vya vijana na wanafunzi kwa imani kwamba kupitia elimu ya mazingira kwa wanafunzi wanaweza kuwa kichocheo cha mabadiliko na maamuzi chanya ya baadaye katika matumizi bora ya mazingira.



#### ISO 14001:2004 (Mfumo wa udhibiti Mazingira)

Kampuni inaendelea kuzingatia masharti ya viwango vya kimataifa wa ubora wa mazingira ISO 14001:2015 na ukaguzi wa uhakiki masharti ya viwango vya kimataifa vya mazingira ulifanyika mwaka 2019. Kampuni inaendelea kuboresha mfumo wake wa uhifadhi wa mazingira kwa kwenda sambamba na maendeleo ya uhifadhi mazingira na malengo ilijiwekea kufuatana na mahitaji ya kitaifa na HeidelbergCement.

#### 15. AFYA NA USALAMA.

Kampuni inaendelea kuweka mkazo katika afya na usalama kazini. Pamoja na maboresho ya kiufundi na viwango vya usalama, katika mwaka 2019 Kampuni imeendelea kuongeza jitihada katika kuboresha utendaji kwenye afya na usalama kwa kufanya tathmini ya mambo hatarishi na programu nyingine katika Nyanja hii ili kuboresha afya na mazingira bora kwa wafanyakazi, wakandarasi na wadau wengine wa Kampuni

Kampuni inatekeleza mfumo wa kuratibu masuala ya afya na usalama mahali pa kazi (OHMS) kama sehemu ya mkakati wa kudhibiti vihatarishi na ina cheti cha kiwango cha OHSAS 18001:2007. Kampuni inahakikisha kuwa kanuni, sheria na miongozo ya ndani, kanda, taifa na ya kimataifa kuhusiana na afya na usalama inazingatiwa.

Ili kufikia kiwango cha juu cha ubora wa afya na usalama kazini, uongozi utaendelea kuweka msisitizo kwenye afya na usalama wa wafanyakazi na watoa huduma, wajibu wa kijamii, kwani jukumu la afya na usalama kazini ni sehemu muhimu kwa Kampuni. Lengo la Kampuni ni kuhakikisha kutokuwepo kwa vifo vitokanavyo na ajali, majeraha au ulemavu wa kudumu na kupunguza upotevu wa muda utokanao na ajali.

#### 16. MATUKIO MAKUU.

Hapakuwa na matukio makubwa wakati wa mwaka.

#### 17. USTAWI WA WAFANYAKAZI.

##### a. Uhusiano kati ya Uongozi na Wafanyakazi.

Mahusiano kati ya wafanyakazi na Uongozi wa kampuni kwa mwaka ulioisha tarehe 31 Desemba 2019 yameendelea kuwa mazuri. Hapakuwepo na malalamiko yaliyotoka kwa wafanyakazi ambayo hayakufanyiwa kazi na Uongozi kwa kipindi kizima cha mwaka. Mahusiano mazuri yanaendelea kuwepo kati ya Uongozi wa Kampuni na umoja wa wafanyakazi. Mkataba wa hiaru uliyoingwa baina ya Chama cha Wafanyakazi wa Viwanda na Biashara (TUICO) na Kampuni yanasimamia mahusiano kati ya Uongozi wa Kampuni na wafanyakazi

##### b. Idadi ya Wafanyakazi na Uwiano wa Kijinsia.

Mpaka kufikia Desemba 31, 2019, Kampuni imekuwa na wafanyakazi 283, kati yao wanawake wakiwa 32 na wanaume 251 (2018: Jumla 285; wanawake 30 na wanaume 255)

##### c. Huduma za Matibabu

Huduma ya afya na matibabu hutolewa bure kwa wafanyakazi wake wote na familia zao

##### d. Usalama wa Kiwandani.

Kampuni inayo idara ya afya na usalama inayohakikisha kwamba masuala ya usalama yanafuatiliwa. Kampuni ina miundombinu na vifaa sahihi ambavyo vinakidhi matakwa yaliyo kwenye Sheria ya Afya na Usalama Kazini, 2003 na miongozo mingine inayohusu usalama kazini (Cheti OHSAS 18001).

##### e. Mafunzo.

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

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

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

##### f. Mishahara na Mafao ya Wafanyakazi

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

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

##### g. Fursa sawa na watu wenye ulemavu.

Sera ya Kampuni ni kutoa fursa sawa za ajira kwa watu wote. Kampuni hutoa fursa za ajira

kwa watu wote bila ubaguzi wa aina yoyote na bila upendeleo wa kijinsia, kabila, dini, kuoa au kuolewa.

Pia Kampuni hutoa fursa sawa kwa watu wenye ulemavu kujaza nafasi za kazi ili mradi ulemavu hauwi kikwazo katika utekelezaji wa majukumu yanayoambatana na nafasi husika.

## 18. UTAWALA BORA.

### a. Kanuni za Utawala bora.

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

### b. Bodi ya Wakurugenzi

Bodi ina wakurugenzi sita; watano wasio watendaji na Mkurugenzi Mtendaji. Kazi za Mwenyekiti na Mkurugenzi Mtendaji zimetenganishwa. Bodi inawajibika kwa wanahisa kwa uongozi wa jumla wa Kampuni, kuweka mikakati na sera, kufuatilia ufanisi wa uendeshaji, usimamizi wa maeneo hatarishi na kuweka ngazi za madaraka. Katika mwaka huu wa fedha, Bodi ilikutana mara tatu 2019 (2018: mara tatu)

### c. Kamati ya Ukaguzi.

Katika kutekeleza majukumu yake kuhusiana na utoaji wa taarifa za fedha, utekelezaji wa matakwa mbalimbali, udhibiti wa maeneo hatarishi, mifumo ya kijasibu na mfumo wa usimamizi wa habari (MIS), 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 nje wa mahesabu wa Kampuni inapobidi. Katika mwaka huu wa fedha, Kamati ya Ukaguzi ilikutana mara mbili 2019 (2018: mara tatu).

### d. Tathmini ya Ufanisi wa Kazi na Tuzo.

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

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

### f. Maadili ya biashara na ukamilifu wa muundo.

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

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

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

## 19. UDHIBITI WA MAENEO HATARISHI.

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

Hii itahakikisha:

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

Kampuni hutumia miongozo ya fedha, ukaguzi wa ndani na kaguzi mbalimbali za mambo ya mazingira na usalama, mienendo ya biashara, miongozo dhidi ya rushwa, takwimu za kiuchumi na masoko kwa ajili ya kutathmini na kusimamia udhibiti wa ndani na maeneo hatarishi. Eneo hili limeongezewa nguvu na uwepo wa Kamati ya Ukaguzi ambayo huangalia mara kwa mara ufanisi wa mfumo mzima wa kudhibiti maeneo hatarishi. Maeneo hatarishi ambayo yanaweza kuwa na athari kubwa kwa rasilimali za Kampuni kwa kipindi kilichoishia 31 Desemba 2018 yamegawanywa katika maeneo ya uendeshaji, masoko na mambo ya fedha kama ifuatavyo;



### Maeneo hatarishi ya uendeshaji

Nishati ni muhimu sana katika uendeshaji wa shughuli za Kampuni. Kwa hiyo, upatikanaji na bei ya nishati vinaweza kuwa na athari kubwa kwa Kampuni. Kwa miaka yote Kampuni imekuwa ikitegemea nishati ya umeme kutoka katika Shirika la Ugavi wa Umeme Tanzania (TANESCO). Upatikanaji wa umeme huu kwa mara zote umekuwa wa kukatikakatika na hivyo kuifanya Kampuni kufikia malengo yake ya uzalishaji. Kupanda kwa bei za nishati nako kunasababisha gharama za uzalishaji kuwa juu. Kutokana na athari hizo Kampuni ina mpango wa kuwekeza katika nishati mbadala ili kuhakikisha kuwa kunakuwa na ugavi wa uhakika wa nishati ya umeme kukidhi mahitaji ya kiwanda Uzalishaji wa saruji huanzia katika machimbo ya mawe ya chokaa yanayomilikiwa na Kampuni. Upatikanaji wa machimbo ya mawe ya chokaa ni muhimu katika kuhakikisha shughuli za uzalishaji wa saruji inakuwa endelevu. Kampuni imejizatiti katika kuhakikisha uwepo wa mawe ya chokaa ya kutosha. Vifaa vya ujenzi hupitia mchakato thabiti wa viwango. Usambazaji bidhaa za viwango duni au ambazo hazikidhi matakwa ya wateja unaweza kuathiri mauzo ya Kampuni, sifa ya Kampuni, mahusiano na wateja na pia inaweza kusababisha fidia na mashtaka dhidi ya Kampuni. Kuepukana na athari hizo, Kampuni inahakikisha kwamba inazalisha saruji inayofikia viwango vinavyokubalika kupitia maabara zake na hatimaye kuthibitishwa na Mamlaka ya Viwango Tanzania (TBS) (Cheti cha ISO 9001).

### Maeneo hatarishi katika soko

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

### Maeneo hatarishi katika masuala ya fedha

Athari kubwa kwa upande wa fedha zinaweza kuletwa na thamani ya sarafu. Kampuni hufanya biashara kutumia sarafu ya Tanzania ambayo thamani yake imekuwa ikishuka dhidi ya sarafu kuu za kimataifa. Hii inaweza kusababisha Kampuni kupata hasara itokanayo na ubadilishaji wa fedha za kigeni. Uongozi wa Kampuni hufuatilia kwa umakini thamani ya sarafu ya Tanzania na kuchukua maamuzi sahihi pale inapohitajika ili kupunguza athari zitokanazo na ubadilishaji wa fedha. Rejea aya ya 42 ya taarifa ya hesabu

## 20. UWEZO NA RASILIMALI ZA KAMPUNI.

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

### Uwezo wa Uongozi na Wafanyakazi.

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

### Ubora wa bidhaa.

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

### Mtandao Imara wa Usambazaji.

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

### Nafasi katika Soko

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

### Msaada wa Kiufundi

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

### Teknolojia na Mitambo

Kampuni itaendelea kuwekeza kwenye teknolojia ya kisasa ikiwa ni pamoja na mradi wa kufufua kinu namba tatu (CM3). Kampuni imewekeza katika kituo cha kisasa cha mafunzo chenye mifano ya vinu vya usalishaji saruji ili kuimarisha mchakato wa uzalishaji saruji.

### Akiba ya chokaa bora

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

## 21. MISAADA

Mwaka huu, kampuni ilitoa misaada na michango ya hisani yenye thamani ya Shilingi milioni 135.5 (2018: Shilingi milioni 19.2). Hakukuwa na misaada ya kisiasa.

Pamoja na misaada hiyo, Kampuni ilijihusisha na uraia mwema ikilenga zaidi wanawake, huduma za afya, elimu na watoto. Jumla ya Shilingi milioni 61.2 (2018: Shilingi milioni 16.1) zilitumika.

## 22. GAWIO

Wakurugenzi wanapendekeza gawio la Shilingi bilioni 52.17 (Shilingi 290 kwa hisa) kwa wanahisa wake kama gawio la mwisho kwa mwaka 2019. Gawio la mwisho litaidhinishwa na mkutano mkuu wa mwaka na litalipwa mwezi Juni 2020. Mwezi wa Juni mwaka 2019, Kampuni ililipa Shilingi bilioni 52.17 (Shilingi 290 kwa hisa) kama gawio la mwisho la mwaka 2018. Hakukuwa na malipo kwa ajili ya gawio la awali kwa mwaka ulioishia Desemba 2019. Kufikia pendekezo hili, wakurugenzi wamezingatia hali ya kifedha ya Kampuni na mahitaji ya baadaye ya miradi ya uboreshaji.

## 23 MATUKIO YA BAADAYE.

Wakati taarifa hizi za fedha zinatolewa, mlipuko wa ugonjwa wa COVID-19 umeendelea kuathiri biashara na nchi mbalimbali, hatari zinazoweza kusababishwa na mlipuko huu ni pamoja na matatizo sokoni, huduma na usambazaji, usumbufu katika manunuzi, ukosefu wa watu wa muhimu wanaohitajika, baadhi ya maeneo kutengwa, na nyinginezo. Wakurugenzi wamefanya tathmini kuwa, wakati taarifa hizi za kifedha zinatolewa, ilikua haiwezekani kuamua na kuwasilisha athari za mlipuko huu kwa Kampuni.

Kulingana na taarifa tulizo nazo sasa, inawezekana kua, kwa mwaka wa fedha unaofuata misingi itakayotumika kuandaa taarifa za fedha ikawa tofauti, kunaweza kua na mabadiliko kwenye thamani ya mali na madeni ya Kampuni.

Hapakuwa na matukio ya baadaye ambayo yametokea na yanayohitaji kuwekwa wazi au kurekebishwa kwenye taarifa za fedha ambayo yangekuwa na athari kwa taarifa hizo za fedha.

## 24. SHUGHULI NA BIASHARA NA KAMPUNI ZENYE UHUSIANO.

Kampuni mama ya TPCPLC ni HeidelbergCement AG, iliyoorodheshwa kwenye soko la fedha la Frankfurt katika Jamhuri ya nchi ya Ujerumani. HeidelbergCement AG inamiliki Scancem International DA ya nchi ya Norway, kwa asilimia 93.94, ambayo inamiliki kwa asilimia 69.25 ya hisa zote za TPCPLC.

Kampuni huagiza malighafi na mahitaji mengine ya uzalishaji kutoka HC Trading. Maelezo ya shughuli zinazofanyika na Kampuni zenye uhusiano, yapo aya ya 38.

## 25. MTAJI WA HISA.

Jumla ya mtaji wa hisa ulitolewa ni hisa za kawaida 179,923,100 (2018: hisa 179,923,100). Hapakuwepo na mabadiliko yoyote ya mtaji wa hisa. Mgawanyo wa hisa za kampuni ni kama ifuatavyo:

Jina	2019 % ya umiliki	2018 % ya umiliki
Scancem International DA	69.25	69.25
General Public	21.61	21.54
Government Pension funds	8.99	8.99
Wazo Hill Saving and Credit Cooperative Society	0.15	0.22
	<u>100.00</u>	<u>100.00</u>

## 26. SERA ZA UHASIBU.

Taarifa za fedha zimetayarishwa kwa kuzingatia kuwa Kampuni itaendelea na shughuli zake kwa vipindi vijavyo. Miongozo ya kijasibu imeainishwa kwenye aya ya 3 ya taarifa za fedha na hufanyiwa tathmini kila mwaka ili kuhakikisha kuwa zinaendana na viwango vya kimataifa vya utoaji wa taarifa za fedha (IFRS).



## Taarifa ya Wakurugenzi - inaendelea

### 27. WANAHISA WA KAMPUNI

Idadi ya wanahisa kwa mwaka ulioishia 31 Desemba 2019 ilikuwa 9,457 (2018: wanahisa 9,497).

Ifuatayo ni orodha ya wanahisa wakubwa kumi wa Kampuni:

Jina	Utaifa	2019 % ya umiliki	2018 % ya umiliki
Scancem International DA	Mnorwe	69.25	69.25
Parastatal Pension Fund	Mtanzania	5.42	5.42
Standard Chartered Bank Uganda	Mganda	5.28	5.28
JPMCB-LB Designated First Rand Bank Ltd	Mafrika Kusini	1.76	-
Public Service Social Security Fund	Mtanzania	0.56	2.32
National Social Security Fund	Mtanzania	1.24	1.24
Murtaza Basheer Nasser	Mtanzania	0.90	0.90
Umoja Unit Trust Scheme	Mtanzania	0.79	0.79
Sayed H. Kadri/Basharat Kadro/Mehboob Kadri/Khalid/Muzammil Kadri	Mtanzania	0.59	0.59
Said Salim Awadh Bakhresa	Mtanzania	0.51	0.51

### 28. TAARIFA YA SOKO LA MTAJI

Kampuni iliorodheshwa katika soko la mtaji tarehe 29 Septemba 2006 na hisa zake kuanza kuuzwa kwenye soko la Mitaji ya Dar Es Salaam (DSE). Mwaka 2019 hisa za kampuni zilifanya biashara wakati wote kwenye minada iliyoratibiwa na Soko la Mitaji la Dar Es Salaam (DSE). Mwaka 2019, mwenendo wa hisa za Kampuni kwenye soko la mitaji ilikuwa kama hivi: Thamani ya Kampuni mnamo 31 Desemba 2019 ilikua Shilingi bilioni 359.85 (2018; Shilingi bilioni 370.64). Bei ya hisa mnamo 31 Desemba 2019 ilikua Shilingi 2,000 kwa hisa, ikilinganishwa na bei ya hisa ya Shilingi 2,060 kwa mwaka wa 2018 (Bei katika soko la mwanzo ilikua 435 kwa hisa).

### 29. WAKAGUZI.

Wakaguzi wa Kampuni kwa mwaka 2019 walikua Ernst & Young.

#### Imetolewa kwa amri ya Bodi

Imeidhinishwa na Bodi ya Wakurugenzi tarehe 8 APRIL 2020 na imesainiwa na

Jina: ALFONSO VELEZ Jina: RUTH ZAMANA  
Cheo: MD Cheo: DIRECTOR  
Saini: [Signature] Saini: [Signature]





CREATING CONNECTIONS

TANZANIA PORTLAND CEMENT PUBLIC LIMITED COMPANY ANNUAL REPORT 2019





# Corporate Social Responsibility (CSR) Report 2019

## Current CSR Strategy: TPCC SUPPORT FOCUS

TPCC supports projects, organizations and initiatives that:

- are based in Tanzania.
- are aligned with **TPCC's Code of Business Conduct**, other compliance standards, the Leadership Principles and the sustainability ambition 2020.
- create long term benefits and value for the society.

- Boko Secondary is a co-education local government schools located just behind the Cement factory. It provides free O 'level education to about 2,000 students.
- In 2019 Twiga donated **15 used desktop computers** for administrative and student use, the company also donated **100 cement bags** which went to the renovation works of classroom floors.

## Computer Donations – Twiga Secondary School

- Twiga Secondary School is one of the schools that has benefited and continue to benefit from the company's CSR programs over the years
- Twiga Secondary is a co-education local government schools located in the same constituency as the Cement factory. It provides free O 'level education to about 1,500 students, and has around 40 teachers.



- **Education, and training** : improving young people's chances of succeeding in professional life by developing their interest and understanding of technical and economical interrelationships and by enabling and encouraging entrepreneurial spirit.

## Computer Donations – Boko Secondary School

Boko Secondary School is one of the schools that has benefited and continue to benefit from the company's CSR programs over the years.

- have a high profile within the society and meet the legal regulations.

## TPCC's CSR areas of focus are:

- practical help in the construction of buildings and infrastructure for the benefit of society.
- **Environment, climate:** biodiversity cooperating with partners in order to preserve and protect environment by promoting climate protection and biological diversity.

- In 2019, TPCC donated **15 desktop computers** and **100 cement bags** for the repair construction of classrooms.
- Twiga continues to support the school with running water, TPCC built and installed water tanks at the school few years.



Twiga cement Commercial Director Yves Mataigne handing over the donated cement to the center coordinator.



#### Computer Donations – Kunduchi Secondary School

- Kunduchi Sec. also benefited from the ICT CSR program that Twiga cement is supporting secondary schools with computers within the area.
- The company donated **15 desktop computers** to the school in 2019.
- In 2020 Twiga cement plans to support the school with cement as it is in need of repairs esp. floor repairs.

#### Pick up vehicle donation - Drug Rehabilitation Center

- **Changamoto ni Matumaini'** is a free drug rehabilitation center located in Boko, just few kms from the Twiga Cement factory. The center is a Christian non-profit institute working in Tanzania to rehabilitate and educate on drug abuse.
- TPCC started working with the center since 2016 to collaborate on the drug abuse awareness campaigns. As at 2017 Twiga cement has so far supported the center with cement, used computers and skills.
- TPCC in 2019 donated a **used pickup vehicle** to the center for the use in campaigns.

#### Twiga Secondary School – 2019 graduation

- TPCC has been supporting Twiga secondary schools for more than 10 years since their inception. Hence the name of one school called 'Twiga Secondary School' because the cement factory assisted with the construction of the school buildings.
  - Although support in recent years to the schools have not been as they would like, TPCC in 2018 gave **5tons cement (equiv. Tzs.1m) to Boko Secondary School** which went towards the renovation works of school classroom floors.
1. TPCC Area Sales Manager hands over a school leaving certificate to a form four leaver during the 2019 form four graduation ceremony.
  2. Kinondoni teachers officer after.





# Corporate Social Responsibility (CSR) Report 2019

## Dormitory construction project for Hosiana School

- **Hosiana School** for the poor and orphans is located in **Kagera region**, in the Lake zone area of Tanzania. The school was founded by a Tanzanian gentleman (Mr. Shadrack) with some group of his Germany friends. Sharack is the current school director.
- The aim of the school is to provide education to orphans and poor families in the area/region to elevate poverty levels.
- In 2020 twiga cement plans to support the school with cement as it is in need of repairs esp. floor repairs.
- The school currently has 67 pupils from kindergarten to standard four. Orphans are 32 and the rest are from poor backgrounds but live within the area/region.
- The children residing at the center currently sleep in classrooms due to lack of dormitory facilities.
- TPCC in 2019 donated **Tzs70m** for the **construction of 1 dormitory** to fit 40 students at the center. Project shall continue in 2020 for the construction of the second dormitory.



Side view of the dormitory built by Twiga Cement in 2019.

## Collaborations with the Tanzania Police Force

- TPCC has worked closely with the Tanzania Police Force (TPF) having supported the Wazo Police station in the past.
- In 2019; TPCC worked with **Mbweni Police Station** for the renovation and expansion of its premise. Police station is located 10kms from the cement plant and will be the biggest police station in the area.
- TPCC supported with **15 tons of cement (equiv. Tzs.3m)** which went towards the construction of the new Mbweni Police Station. TPCC continues to have good relations with the police esp. in curbing trespasser challenges at the quarry.



## Twiga Womens' – Support to the Cancer Institute

TPCC women's group in 2019 did health awareness campaigns by visiting the **Ocean Road Cancer Institute** and supported 100 inpatients. hospitalized patients. Twiga donated groceries worth **Tzs10m** for upkeep of the hospitalized patients .







CREATING CONNECTIONS

TANZANIA PORTLAND CEMENT PUBLIC LIMITED COMPANY ANNUAL REPORT 2019













## Statement of Directors' Responsibilities FOR THE YEAR ENDED 31 DECEMBER 2019



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

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Tanzanian Companies Act, 2002. The Directors are of the opinion that the financial statements present fairly, in all material respects, the state of financial affairs of the Company and of its profit.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Name:

ALFONSO VELEZ

Title:

MD

Signature:

Date:

8 APRIL 2020

Name:

RUTH ZAMANA

Title:

DIRECTOR

Signature:





## Statement of Directors' Responsibilities FOR THE YEAR ENDED 31 DECEMBER 2019

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

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing a true and fair view of the entity's position and performance in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, CAP 212 Act No. 12 of 2002. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under the Statement of Directors' Responsibilities on the previous page.

I Tumaini Ishemo, being the Chief Accountant of Tanzania Portland Cement Public Limited Company hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 December 2019 have been prepared in compliance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002.

I thus confirm that the financial statements give a true and fair view of the financial position and results of Tanzania Portland Cement Public Limited Company as on that date and for the year then ended, and that the financial statements have been prepared based on properly maintained financial records.

Signed by: Tumaini Ishemo

Position: CHIEF ACCOUNTANT

NBAA Membership No.: ACPA 2733

Date: 8 APRIL 2020







### To the shareholders of Tanzania Portland Cement Public Limited Company

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the financial statements of Tanzania Portland Cement Public Limited Company (the Company) set out on pages 19 to 67 which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2002 of Tanzania.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are

independent of the Company in accordance with the International Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provided the basis for our audit opinion on the accompanying financial statements.



Key audit matter	How our audit addressed the key audit matter
<b>Accounting for tax positions</b>	
<p>Tax positions were significant to our audit because the assessment process involves judgement in the interpretation and application of tax laws and in assessing tax liabilities and contingencies that could arise from tax audits.</p> <p>The Company has open tax years and assessments and the determination of provisions and contingent liabilities arising from the open tax years and assessments requires the directors to make significant judgements and estimates in relation to the tax exposures arising from open tax years and assessments. There is a risk that the conclusion of the appropriate tax treatment with tax authorities is at an amount materially different to the amount provided for or disclosed in the financial statements.</p> <p>Due to the significance of the judgement applied in determining the provisions, contingencies and the related estimation process, this was considered a key audit matter.</p> <p>We also considered the disclosures on taxation in notes 32 and 39 to the financial statements to be important to the users' understanding of the financial statements.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>▪ Understanding the Company's processes for recording and assessing of tax provisions and contingent liabilities.</li> <li>▪ Determining the completeness and reasonableness of the amounts recognized as tax liabilities and contingencies, including the assessment of the matters in the correspondence with tax authorities and reports of the Company's external tax consultant, and the evaluation of the related tax exposures.</li> <li>▪ Including in our internal tax specialists to analyse the tax positions and to evaluate the assumptions used to determine tax positions.</li> <li>▪ Assessing relevant historical and recent judgements passed by the tax authorities in considering any precedent.</li> <li>▪ Assessing the adequacy of the Company's disclosures in respect to taxation.</li> </ul>
<b>Post Retirement benefit provisions</b>	
<p>The Company has a Defined Benefit Obligation (DBO) of TZS 5.4 billion as at 31 December 2019.</p> <p>The procedures over the post-retirement benefit provisions, specifically the procedures on the DBO, were significant to our audit because the assessment process is complex, involves significant management judgment and is based on actuarial assumptions, including discount rates, compensation increase, expected inflation rates, and mortality tables, as disclosed in Note 4 and Note 29 of the financial statements.</p> <p>Small changes in a number of the key assumptions used to value the Company DBO could have a material impact on the calculation of the liability.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>▪ Evaluating management's actuarial assumptions and valuation methodologies and assessing the objectivity and competence of the Company's external pension experts.</li> <li>▪ Including in our team actuarial specialists to analyse the assumptions made in relation to the valuation of the liabilities.</li> <li>▪ Evaluating management's work, primarily on their assumptions applied to which the post-retirement benefit provisions are the most sensitive, by performing independent testing and comparing to the published actuarial tables, amongst others.</li> <li>▪ Assessing the discount and inflation rates used in comparison to internally developed benchmarks, based on externally derived data.</li> <li>▪ Comparing assumed mortality rates to national and industry averages.</li> <li>▪ Assessing the assumption for salary increases against the Company's historical trend and expected future outlook.</li> <li>▪ Assessing the adequacy of the Company's disclosure in Note 29 of the financial statements.</li> </ul>



### Other Information included in the Company's 2019 Annual Report

Other information consists of the information included in the Company Information, Directors' Report, Statement of Directors' Responsibilities, and the Statement of Head of Finance's Responsibilities, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

### Responsibilities of the Directors for the Financial Statements

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## Independent Auditor's report - continued

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

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

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

As required by the Companies Act, 2002 of Tanzania, 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 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 statements of profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting to this independent auditor's report is CPA Deokari S. Mkenda.

Signed by: Deokari S. Mkenda  
ACPA 3438

For and on behalf of Ernst & Young  
Certified Public Accountants  
Dar es Salaam

Date: 30 / 04 / 2020



## Statement of Profit or Loss and Other Comprehensive Income FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Notes	TZS '000	TZS '000
Revenue from contracts with customers	7	348,828,076	328,499,013
Cost of sales	9	(215,395,398)	(203,559,476)
<b>Gross profit</b>		<b>133,432,678</b>	<b>124,939,537</b>
Other operating income	8	4,293,998	4,442,850
Selling and marketing expenses	10	(2,746,244)	(2,517,845)
Administrative expenses	11	(22,930,877)	(24,703,567)
Depreciation and amortisation	12	(18,257,703)	(17,806,015)
Other operating expenses	14	(6,536,148)	(4,293,923)
<b>Operating profit</b>		<b>87,255,704</b>	<b>80,061,037</b>
Finance income	15	1,246,054	1,393,736
Finance costs	16	(1,816,758)	(42,903)
Net (loss)/ gain on foreign currency translation	17	(810,014)	332,912
<b>Profit before tax</b>		<b>85,874,986</b>	<b>81,744,782</b>
Income tax expense	32	(26,171,702)	(24,878,687)
<b>Profit for the year</b>		<b>59,703,284</b>	<b>56,866,095</b>

### Other comprehensive income

*Other comprehensive income not to be reclassified to profit or loss in subsequent periods:*

Re-measurement losses on defined benefit plan

Income tax effect

**Other comprehensive loss for the year, net of tax**

**Total comprehensive income for the year, net of tax**

### Earnings per share

Basic and diluted earnings per share (TZS)

		2019	2018
	Notes	TZS '000	TZS '000
Re-measurement losses on defined benefit plan	29	(1,411,500)	(576,889)
Income tax effect	32	423,450	173,068
<b>Other comprehensive loss for the year, net of tax</b>		<b>(988,050)</b>	<b>(403,822)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>58,715,234</b>	<b>56,462,273</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (TZS)	40	332	316



# Statement of Financial Position

## AS AT 31 DECEMBER 2019

	Notes	2019 TZS '000	2018 TZS '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	18	136,029,911	139,855,725
Intangible assets	19	849,314	1,304,535
Leasehold land	20	1,064,467	1,092,313
Right of Use assets	21	7,430,771	-
Non-current financial assets	25	5,905,187	7,513,661
		<b>151,279,650</b>	<b>149,766,234</b>
<b>Current assets</b>			
Inventories	22	61,598,827	55,104,226
Trade receivables	23	41,306,868	38,149,770
Other short-term operating receivables	24	10,699,572	6,562,252
Other current financial assets	25	4,721,453	7,191,052
Cash and bank balances	26	72,684,693	65,987,258
		<b>191,011,413</b>	<b>172,994,558</b>
<b>TOTAL ASSETS</b>		<b>342,291,064</b>	<b>322,760,792</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Authorised, issued and fully paid up share capital	27	3,598,462	3,598,462
Retained earnings		227,874,825	221,337,296
		<b>231,473,287</b>	<b>224,935,758</b>
<b>Non-current liabilities</b>			
Lease liabilities	28	3,097,244	-
Employment benefit liabilities	29	5,491,631	5,119,604
Provisions	31	2,128,377	3,085,619
Deferred income tax liability	32	17,573,518	21,035,003
		<b>28,290,770</b>	<b>29,240,226</b>

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## TANZANIA PORTLAND CEMENT PUBLIC LIMITED COMPANY ANNUAL REPORT 2019

	Notes	2019 TZS '000	2018 TZS '000
<b>Current liabilities</b>			
Lease liabilities	28	4,974,507	-
Current income tax payable	32	1,027,428	3,575,758
Trade and other payables	33	73,302,549	61,153,067
Interest-bearing loan	35	5,021	5,021
Dividend payable	37	3,217,502	3,850,962
		<b>82,527,007</b>	<b>68,584,808</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>342,291,064</b>	<b>322,760,792</b>

These financial statements were authorised for issue in accordance with a resolution of the Board of directors passed on 8 APRIL 2020 and were signed on its behalf by:

Name: ALFONSO VELEZ Name: RUTH ZAMANA

Title: MD Title: DIRECTOR

Signature: [Signature] Signature: [Signature]



## Statement of changes in Equity FOR THE YEAR ENDED 31 DECEMBER 2019

	Authorised, Issued and fully paid share capital (Note 27) TZS '000	Retained earnings TZS '000	Total TZS '000
At 01 January 2019	3,598,462	221,337,299	224,935,761
Profit for the year	-	59,703,284	59,703,284
Other comprehensive income, net of tax	-	(988,060)	(988,060)
Total comprehensive income, net of tax	-	58,715,225	58,715,225
Dividends declared (Note36)	-	(52,177,699)	(52,177,699)
<b>At 31 December 2019</b>	<b>3,598,462</b>	<b>227,874,825</b>	<b>231,473,287</b>
At 01 January 2018	3,598,462	182,867,336	186,465,798
Profit for the year	-	56,866,095	56,866,095
Other comprehensive income, net of tax	-	(403,822)	(403,822)
Total comprehensive income, net of tax	-	56,462,273	56,462,273
Dividends declared (Note36)	-	(17,992,310)	(17,992,310)
<b>At 31 December 2018</b>	<b>3,598,462</b>	<b>221,337,299</b>	<b>224,935,761</b>



## Statement of Cash Flows

AS AT 31 DECEMBER 2019

		2019	2018
	Notes	TZS '000	TZS '000
<b>Operating activities</b>			
Profit before tax		85,874,986	81,744,782
<i>Adjustment to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation	12	18,257,703	17,806,015
Interest expense	16	1,816,758	42,903
Interest income	15	(1,246,054)	(1,393,736)
Net unrealised exchange loss	17	826,397	4,439,789
Net provision for obsolete inventories	9	2,452,673	(1,341,763)
(Decrease) /Increase in site restoration provision	31	(957,242)	1,036,840
Post-employment benefits provision	29	813,882	811,955
Impairment of receivables	11	391,292	936,623
Net gain on disposal of property, plant and equipment	8 & 11	-	-
<i>Working capital adjustments:</i>			
Increase inventories		(8,947,274)	(12,051,348)
Increase in trade receivables		(3,548,390)	(10,420,199)
(Increase)/decrease in other short-term operating receivables		(4,137,320)	2,434,541
Decrease in other financial assets		4,078,073	-
Increase in trade and other payables		12,149,482	15,514,525
Corporation tax paid	32	(31,758,076)	(31,997,950)
Payment to post employment benefit	29	(1,853,354)	(1,087,530)
Interest received	15	1,246,054	1,393,736
Interest paid - lease liabilities	28	(1,732,405)	-
Interest paid - other	16	(54,073)	(42,903)
<b>Net cash inflows from operating activities</b>		<b>73,673,112</b>	<b>63,995,143</b>

		2019	2018
	Notes	TZS '000	TZS '000
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment		-	7,688,830
Payment for capital works-in-progress	18	(10,666,031)	(9,271,091)
Payment for intangible assets	19	-	(156,290)
Purchase of capital items in stock	18	(218,067)	(378,593)
<b>Net cash flows used in investing activities</b>		<b>(10,884,098)</b>	<b>(2,117,144)</b>
<b>Financing activities</b>			
Dividends paid		(52,811,159)	(29,661,144)
Payment of principal portion of lease liabilities	28	(2,604,746)	-
<b>Net cash flows used in financing activities</b>		<b>(55,415,905)</b>	<b>(29,661,144)</b>
<b>Net increase in cash and cash equivalents</b>		<b>7,373,109</b>	<b>32,216,855</b>
Net foreign exchange difference		(675,675)	(968,599)
Cash and cash equivalents at 01 January		65,987,258	34,739,002
<b>Cash and cash equivalent at 31 December</b>	26	<b>72,684,693</b>	<b>65,987,258</b>



## Notes to the Financial Statement FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. CORPORATE INFORMATION

The financial statements of Tanzania Portland Cement Public Limited Company ('the Company') for the year ended 31 December 2018 were authorized for issue in accordance with a resolution of the Directors as indicated on the statement of financial position. The Company is a Public Limited Company incorporated and domiciled in Tanzania. The Company's shares are publicly traded. The registered office is located at Wazo Hill, Dar es Salaam.

The principal activities of the Company are disclosed in the Directors' Report. Information on its holding company is provided in Note 38.

### 2. BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except where stated otherwise. The financial statements are presented in Tanzanian Shillings (TZS) and all values are rounded to the nearest thousand (TZS '000'), except when otherwise indicated. These financial statements cover the year ended 31 December 2019.

#### Statement of compliance

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a. Revenue recognition

Revenue represents income arising in the course of an entity's ordinary activities, which leads to an increase of economic benefits during the accounting period. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Revenue is stated net of value-added tax (VAT).

Revenue is primarily derived from sale of cement to distributors. Revenue is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods or collection of cement by customers at company's premises.

- The five-step model stipulated in IFRS 15 Revenue from contracts with customers is applied when accounting for revenue from contracts with customers. The Company accounts for a revenue contract with a customer only when all the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- The Company can identify each party's rights regarding the goods or services to be transferred;
- The Company can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance (i.e., the risk, timing or amount of future cash flows is expected to change as a result of the contract); and

It is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any. Currently, the Company does not sell cement to customers or have contracts with customers that have significant financing components.

#### Contract balances

##### Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies on financial assets.

##### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. Company's contract liabilities consist of advance deposits from customers for cement sales.

##### Cost to obtain a contract

The Company defers and amortises these costs over the period of the contract.



**b. Foreign currency translation***Functional and presentation currency*

The financial statements are presented in Tanzanian Shillings (TZS), which is the Company's functional and presentation currency

*Transactions and balances*

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

**c. Property, plant and equipment**

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

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised. The asset is derecognised once control has been transferred to the buyer.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively, if appropriate, at each financial year end.

Capital work-in - progress

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

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

**d. Capital items in stock**

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

**e. Intangible assets**

The Company's intangible assets include the value of computer software and mining rights for limestone quarry. Mining rights are rights to extract limestone from the land that belongs to the government. The Company pays cost of the mining rights at inception of the contract in advance and amortizes over the life of the contract giving mining rights.

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

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation



which has been consistently applied is 20% – 50%. The amortisation period and amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss.

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

**f. Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and value in use. A cash-generating unit is the small identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless either the asset's fair value less cost of disposal is higher than its carrying amounts; or the asset's value in use can be estimated to be close to its fair value less costs of disposal and fair value less costs of disposal can be determined.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflects current market assessments of the time value of money and the risks specific to the assets.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transaction can be identified, and appropriate valuation model is used. Value in use is determined using budgets.

**g. Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(i) Financial assets**

***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (a) Revenue recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

***Subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss



**Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade receivable, other short term operating receivables bank balances and other financial assets.

**Derecognition**

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

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.

**Impairment of financial assets**

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. A gross carrying amount will be written off when the financial assets can not be recovered after three years.

**(ii) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of incremental transaction costs.

The Company's financial liabilities include, Interest bearing loans, accrued expenses, trade payables, and other payables that are financial instruments. These are all classified as financial liabilities at amortised cost.



*Subsequent measurement*

After initial recognition, interest bearing loans and trade and other payables are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the finance costs in the statement of comprehensive income.

*De-recognition of financial liabilities*

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

**h. Offsetting of financial instruments**

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

**i. Inventories**

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

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

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

**j. Provisions**

*General*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement

*Site restoration provision*

The provision for restoration represents the cost of restoring site damage after the start of production. Increases or decrease in the provision are charged to profit or loss as a cost of production.

Restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

**k. Pensions and other employment benefits**

The Company operates defined contribution plans and defined benefit plans.

*Pension obligations*

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

*Endowment scheme*

The Company has an endowment scheme administered by the Jubilee Insurance Company of Tanzania Limited. This scheme is a defined contribution plan. The cost of the endowment scheme is fully met by the Company and it has no further obligations to the scheme.

*Other short-term benefits*

The Company maintains a medical insurance policy to its staff which covers staff and their immediate dependants. The entitlement is recognised through profit or loss under employee expenses. The Company does not have any further obligation after contributions have been made.

*Post-employment benefits*

Under defined benefit plans, the Company provides certain post-employment benefits at retirement. The expected costs of these benefits are accrued over the period of employment and the present value of the obligation is determined by reference to market yields on high quality corporate bonds, where there is no deep market in such bonds, the market yields on government bonds is used at the end of the reporting period. (See also note 5 Significant Accounting Judgements, estimates and assumptions - Pension Obligations).

*Long service employment benefits (other long-term employee benefits)*

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



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

These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

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

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

## I. Taxes

### *Current tax*

Current income tax assets and liabilities for the current period 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 at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. At the end of each reporting period, the Company reassesses unrecognised deferred tax assets. The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists



to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Value added tax**

Revenues, expenses and assets are recognised net of the amount of Value Added Tax, except:

- Where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- 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.

**m. Royalty**

Royalty fee is a fixed charge paid to the government on annual basis basing on unit of minerals extracted by the Company. The annual fee paid depends on material extracted during a particular month.

**n. Dividend distribution**

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

**Dividend withholding tax**

Dividend withholding tax is payable at a rate of 5% on dividends distributed to shareholders. This tax is not attributable to the Company paying the dividend but is collected by the Company and paid to the tax authorities on behalf of the shareholder.

**o. Current versus non-current classification**

The Company present assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current. A liability is current when either:

- It is expected to be settled in the normal operating cycle

- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Company classify all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**p. Cost of sales**

All costs directly linked to the production, handling, and storing of goods within the factory premises are classified under cost of sales. They exclude those period costs that would be incurred regardless of whether the company make any production. Cost of sales includes carrying amounts of inventories sold during the period. Included in this are some fixed components like direct labour cost; variable cost such as power, materials, handling and distribution cost. Costs are allocated based on cost centres, expenses allocated to cost of sales are those which are within technical, mechanical and production cost centres.

**q. Leases**

Leases (Policy applicable before 1 January 2019)

The determination of whether an arrangement is, or contain a lease is based on the substance of the arrangement and involves an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether or not the arrangement conveys a right to use the asset.

*Company as a lessee*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased item to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.



Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Company as a lessor

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

**Leases (Policy applicable as of 1 January 2019)**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and lease term.

The right-of-use assets are subject to impairment in line with the Company's policy for impairment of non-financial assets.

The useful life of the Company's right-of-use asset is as follows

- Quarry equipment – 3.25 years
- Factory land – 99 years

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable

lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

Company as a lessor

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

**4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES**

**New and amended standards and interpretations**

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases - incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases under IAS 17 and IFRIC 4 at the date of initial application.

The Company has a lease arrangement for the quarry equipment and factory land as detailed in the lease agreement. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases (leases with a lease term of 12 months or less). The standard provides specific transition requirements and practical expedients, which have been applied by the Company.



*Leases previously accounted for as operating leases*

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The adoption of IFRS 16 had no significant impact on the Company's retained earnings or its cash flows.

Refer to Notes 21 and 28 for further details on right-of-use assets and lease liabilities.

Reconciliation of the operating lease commitments to the lease liability as at 1 January 2019:

Operating lease commitments at 31 December 2018

Impact of discounting at the weighted average incremental borrowing rate as at 1 January 2019

Discounted operating lease commitments as at 1 January 2019

Less: Commitments on leases of low value<sup>1</sup>

**Lease liability as at 1 January 2019**

The weighted average incremental borrowing rate as at 1 January 2019 was 18.92%

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

TZS '000	
Operating lease commitments at 31 December 2018	16,465,869
Impact of discounting at the weighted average incremental borrowing rate as at 1 January 2019	(5,819,652)
Discounted operating lease commitments as at 1 January 2019	<b>10,646,217</b>
Less: Commitments on leases of low value <sup>1</sup>	-
<b>Lease liability as at 1 January 2019</b>	<b>10,646,217</b>



	As previously stated on 31 December 2018 TZS '000	Impact of adoption of IFRS 16	As restated on 1 January 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right of use assets	-	10,646,217	10,646,217
	-	<b>10,646,217</b>	<b>10,646,217</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	-	10,419,170	10,419,170
	-	<b>10,419,170</b>	<b>10,419,170</b>
<b>Current liabilities</b>			
Lease liabilities	-	227,047	227,047
	-	<b>227,047</b>	<b>227,047</b>
<b>TOTAL LIABILITIES</b>	-	<b>10,646,217</b>	<b>10,646,217</b>

#### IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

The following pronouncements, issued by the IASB, were effective for periods commencing on or after 1 January 2019:

- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures";
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement";
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation"; and
- Improvement to IFRS 3 "Business Combinations - Previously held Interests in a joint operation"
- Improvement to IFRS 11 "Joint Arrangements - Previously held Interests in a joint operation"
- Improvement to IAS 12 Income Taxes – "Income tax consequences of payments on financial instruments classified as equity"
- Improvement to IAS 23 Borrowing Costs – "Borrowing costs eligible for capitalisation"

The Company's financial reporting was not materially impacted by these pronouncements.

#### **5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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



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

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

#### Expected credit losses

The Company assesses the financial assets portfolio to determine whether an impairment loss should be recorded in profit or loss. The Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of an individual debtor in that portfolio. The Company performs impairment assessment during recognition of the financial assets taking into consideration forward looking information pertaining to a specific debtor or a certain debtor's portfolio. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

More information on impairment losses including the carrying amounts of the balances affected is presented in Note 23, 24 and 25.

#### Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying value may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The assets that are subject to this are presented in Notes 18, 19 and 20.

#### Post-employment and long service defined benefit plans

The cost of defined benefit pension plans and other long-term employment plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are included in Note 29

#### Provision for quarry rehabilitation

Limestone is mined from the quarry in a way that leaves the "used" area as a one-level horizontal plateau (bench). The Company re-cultivates the quarry sites that will no longer be mined, and the Company has a quarry rehabilitation plan.

Due to the long-term nature of mining a quarry, assessment of the quarry rehabilitation provision is subject to significant estimates. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. The discount rate used in the calculation of the provision as at 31 December 2019 equalled 12% (2018: 12%). Refer to Note 31 for more information on the quarry rehabilitation provision

#### Asset useful lives

The estimated useful lives and residual values of items of property, plant and equipment are reviewed annually and are in line with the rates at which they are depreciated.

For the carrying amount of property, plant and equipment, refer to Note 18 to the financial statements.

#### Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the Company may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the Company could be materially affected by the unfavourable outcome of litigation.

For details on the contingency liabilities amounts, refer to Note 39 to the financial statements.



## Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues, depending on the conditions prevailing in the respective domicile of the companies.

For disclosures and details on tax and tax contingencies, refer to Notes 32 and 39 of the financial statements.

### Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

### Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or

change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company includes the renewal period as part of the lease term for the leases recognised. The Company typically exercises its option to renew for leases because there will be a significant negative effect on operations if a replacement asset is not readily available. The renewal periods for leases are not included as part of the lease term if they are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

## 6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective. The Company intends to adopt these standards, if applicable, when they become effective.

### Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.



The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

### Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.



In addition, IFRS 17 “Insurance contracts”, which has been issued by the IASB is effective for accounting periods starting on or after 1 January 2021. This new standard will not impact the Company’s financial reporting since the Company does not issue insurance policies.

2019	2018
TZS '000	TZS '000
	
146,218,788	163,004,775
44,122,929	21,972,664
153,556,066	138,052,607
854,306	671,660
4,075,987	4,797,307
<b>348,828,076</b>	<b>328,499,013</b>
-	4,322,789
-	22,981
4,293,998	97,080
<b>4,293,998</b>	<b>4,442,850</b>

Gain on disposal of property, plant and equipment	-	4,322,789
Rental income	-	22,981
Other income <sup>2</sup>	4,293,998	97,080
	<b>4,293,998</b>	<b>4,442,850</b>

Distribution costs		8,585,137	4,671,146
Variable costs		171,679,652	168,052,107
Fixed production costs		32,677,936	32,177,986
Write-down to net realisable value		2,452,673	(1,341,763)
		<b>215,395,398</b>	<b>203,559,476</b>
Included in cost of sales fixed production costs are:			
Staff costs	13	11,336,393	9,235,535

Cost of sales includes the cost incurred on raw materials, fuel, electricity, personnel, maintenance, distribution and other production expenses. Depreciation incurred for factory machines and equipment is presented separately in note 12.

Staff costs	13	1,739,510	1,480,304
Marketing, advertising and sales costs		1,006,734	1,037,541
		<b>2,746,244</b>	<b>2,517,845</b>



		2019	2018
	Notes	TZS '000	TZS '000
<b>11 ADMINISTRATIVE EXPENSES</b>			
Staff costs	13	8,060,251	6,795,036
Consultancy costs		2,602,062	4,732,451
Technical assistance		4,354,014	5,088,367
Rent, rates and hiring costs		921,865	1,574,660
Expected credit losses of receivables	23	391,292	936,623
Other administrative expenses*		6,601,393	5,576,430
		<b>22,930,877</b>	<b>24,703,567</b>
*Included in other administrative expenses are:			
Audit fees		171,466	173,636
Donations		127,520	19,216
Other costs; security, maintenance		4,595,965	3,594,210
Travelling cost		931,010	814,335
Legal fees		659,890	383,874
Management fees		15,066	-
Loss on disposal of property, plant and equipment		-	491,652
Directors' remuneration		100,476	99,507

		2019	2018
	Notes	TZS '000	TZS '000
<b>12 DEPRECIATION AND AMORTISATION</b>			
Depreciation of property plant and equipment (Note 18)		14,559,190	16,495,481
Depreciation of right of use assets (Note 21)		3,215,446	-
Amortisation of intangible assets (Note 19)		455,221	1,282,688
Amortisation of lease hold land (Note 20)		27,846	27,846
		<b>18,257,703</b>	<b>17,806,015</b>
<b>13 STAFF COSTS</b>			
<i>Staff costs under:</i>			
Cost of sales (Note 9)		11,336,393	9,235,535
Selling and marketing costs (Note 10)		1,739,510	1,480,304
Administrative expenses (Note 11)		8,060,251	6,795,036
		<b>21,136,154</b>	<b>17,510,875</b>
<i>Staff costs is made up of:</i>			
Salaries and wages		8,620,860	8,081,478
Social Security Contribution		1,200,772	1,199,683
Payroll tax (SDL)	30	598,022	614,874
Post-employment and long service costs	29	3,380,024	1,229,955
Other employment costs and employee benefits*		7,336,476	6,384,885
		<b>21,136,154</b>	<b>17,510,875</b>





\*Amount includes other short-term employment benefits such as pension contribution to endowment scheme, staff bonus, staff allowances, canteen services, transport services and medical services.

		2019	2018
	Notes	TZS '000	TZS '000
<b>14 OTHER OPERATING EXPENSES</b>			
Local government levies and other taxes <sup>3</sup>		6,307,290	3,920,970
Property taxes		228,858	372,953
		<b>6,536,148</b>	<b>4,293,923</b>
<b>15 FINANCE INCOME</b>			
Interest income on short term bank deposits		1,246,054	1,393,736
		<b>1,246,054</b>	<b>1,393,736</b>
<b>16 FINANCE COSTS</b>			
Interest expense on short-term borrowing		54,073	42,903
Interest expense on lease liabilities		1,762,685	-
		<b>1,816,758</b>	<b>42,903</b>
<b>17 NET GAIN ON FOREIGN CURRENCY TRANSLATION</b>			
Exchange gain - realised		1,672,103	5,547,785
Exchange loss - realised		(1,655,720)	(775,084)
<b>Sub-total</b>		<b>16,383</b>	<b>4,772,701</b>
Exchange gain - unrealised		2,123,331	8,246,441
Exchange loss - unrealised		(2,949,728)	(12,686,230)
<b>Sub-total</b>		<b>(826,397)</b>	<b>(4,439,789)</b>
Net foreign exchange (loss) /gain		<b>(810,014)</b>	<b>332,912</b>

## 18 PROPERTY, PLANT AND EQUIPMENT (PPE)

**Cost**

At 01 January 2018

Additions

Transfers

Disposals

**At 31 December 2018**

At 01 January 2019

Additions

Transfers

Write off

**At 31 December 2019****Accumulated depreciation**

At 01 January 2018

Charge during the year

Disposals

**At 31 December 2018****At 01 January 2019**

Charge during the year

**At 31 December 2019****Net carrying amount****At 31 December 2019****At 31 December 2018**

	Building and Roads TZS '000	Production machinery & equipment TZS '000	Other equipment TZS '000	Capital items in stock TZS '000	Capital work- in-progress (CWIP) TZS '000	Total TZS '000
At 01 January 2018	46,296,858	205,629,390	15,303,516	2,876,287	734,214	270,840,265
Additions	-	-	-	378,593	9,271,091	9,649,684
Transfers	929,018	4,359,369	1,590,496	-	(6,878,883)	-
Disposals	(242,689)	(3,550,886)	(44,269)	-	-	(3,837,844)
<b>At 31 December 2018</b>	<b>46,983,187</b>	<b>206,437,873</b>	<b>16,849,743</b>	<b>3,254,880</b>	<b>3,126,422</b>	<b>276,652,105</b>
At 01 January 2019	46,983,187	206,437,873	16,849,743	3,254,880	3,126,422	276,652,105
Additions	-	-	-	218,067	10,666,031	10,884,098
Transfers	3,544,469	2,994,508	1,058,095	(247,166)	(7,349,906)	-
Write off	-	-	-	(150,722)	-	(150,722)
<b>At 31 December 2019</b>	<b>50,527,656</b>	<b>209,432,381</b>	<b>17,907,838</b>	<b>3,075,059</b>	<b>6,442,547</b>	<b>287,385,481</b>
At 01 January 2018	15,116,796	93,913,938	12,390,577	-	-	121,421,311
Charge during the year	1,862,243	13,369,953	1,263,285	-	-	16,495,481
Disposals	(40,448)	(1,056,819)	(23,145)	-	-	(1,120,412)
<b>At 31 December 2018</b>	<b>16,938,591</b>	<b>106,227,072</b>	<b>13,630,717</b>	<b>-</b>	<b>-</b>	<b>136,796,380</b>
At 01 January 2019	16,938,591	106,227,072	13,630,717	-	-	136,796,380
Charge during the year	1,941,212	11,444,802	1,173,176	-	-	14,559,190
<b>At 31 December 2019</b>	<b>18,879,803</b>	<b>117,671,874</b>	<b>14,803,893</b>	<b>-</b>	<b>-</b>	<b>151,355,570</b>
<b>Net carrying amount</b>						
<b>At 31 December 2019</b>	<b>31,647,853</b>	<b>91,760,507</b>	<b>3,103,946</b>	<b>3,075,059</b>	<b>6,442,547</b>	<b>136,029,911</b>
<b>At 31 December 2018</b>	<b>30,044,596</b>	<b>100,210,800</b>	<b>3,219,027</b>	<b>3,254,880</b>	<b>3,126,422</b>	<b>139,855,725</b>

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



19. INTANGIBLE ASSET

	Notes	2019 TZS '000	2018 TZS '000
<b>Cost</b>			
At 01 January 2018	4,153,938	1,434,476	5,588,414
Additions	156,290	-	156,290
Disposal	-	(514,946)	(514,946)
At 31 December 2018	<b>4,310,228</b>	<b>919,530</b>	<b>5,229,758</b>
<b>Accumulated amortisation</b>			
At 01 January 2018	2,520,221	432,811	2,953,032
Charge during the year	1,282,688	-	1,282,688
Disposal	-	(310,497)	(310,497)
At 31 December 2018	<b>3,802,909</b>	<b>122,314</b>	<b>3,925,223</b>
<b>Carrying value at 31 December 2018</b>	<b>507,319</b>	<b>797,216</b>	<b>1,304,535</b>
<b>Cost</b>			
At 01 January 2019	4,310,228	919,530	5,229,758
Additions	-	-	-
Disposal	-	-	-
At 31 December 2019	<b>4,310,228</b>	<b>919,530</b>	<b>5,229,758</b>
<b>Accumulated amortisation</b>			
At 01 January 2019	3,802,909	122,314	3,925,223
Charge during the year	455,221	-	455,221
Disposal	-	-	-
At 31 December 2019	<b>4,258,130</b>	<b>122,314</b>	<b>4,380,444</b>
<b>Carrying value at 31 December 2019</b>	<b>52,098</b>	<b>797,216</b>	<b>849,314</b>

20. LEASEHOLD LAND

	2019 TZS '000	2018 TZS '000
At 01 January	1,092,313	1,120,159
Additions	-	-
	1,092,313	1,120,159
Less: Amortisation for the year	(27,846)	(27,846)
At 31 December	<b>1,064,467</b>	<b>1,092,313</b>
Within one year	27,846	27,846
After one year	1,036,621	1,064,467
	<b>1,064,467</b>	<b>1,092,313</b>

Lease amount was paid upfront and amortised over the useful life. The remaining lease period for leasehold land is 73 years.

21. RIGHT-OF-USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land TZS '000	Equipment TZS '000	Total TZS '000
As at 01 January 2019	204,897	10,441,320	<b>10,646,217</b>
Additions	-	-	-
Depreciation expense	(2,732)	(3,212,714)	<b>(3,215,446)</b>
As at 31 December 2019	<b>202,165</b>	<b>7,228,606</b>	<b>7,430,771</b>

## Notes to the Financial Statement - continued

The Company has lease contracts for equipment and land for limestone extraction and factory area for its operations. Leases of land generally have lease terms of 99 years and equipment for 3.25 years. The Company also has certain leases of printers with lease terms of 12 months or less and leases of expatriate's houses with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Refer to Note 28 for further disclosures on leases.

22 INVENTORIES		
	2019 TZS '000	2018 TZS '000
Raw materials, additives, consumables and spare parts	66,596,850	60,139,122
Work - in - progress	5,717,441	1,672,099
Finished goods and goods for resale		
- Twiga Extra Cement	179,170	864,209
- Twiga Ordinary Cement	428,391	403,335
- Twiga Plus Cement	398,768	974,016
- Twiga Aggregate	139	139
- Twiga Jenga	-	320,566
Less: Provision for obsolete stock (a)	(11,532,907)	(9,080,234)
Provision for impairment of spare parts	(189,025)	(189,025)
	<b>61,598,827</b>	<b>55,104,226</b>
(a) <u>Movement in provision</u>		
At 01 January	9,080,234	10,421,997
Charge/(release) of provision <sup>4</sup>	2,452,673	(1,341,763)
<b>At 31 December</b>	<b>11,532,907</b>	<b>9,080,234</b>
(b) Value of inventories expensed during the year	<b>88,145,394</b>	<b>86,020,694</b>

During 2019, none of the Company's inventories balances were pledged as security for liabilities.

## 23 TRADE RECEIVABLES

	2019 TZS '000	2018 TZS '000
Trade Receivables	43,739,162	40,190,772
<u>Allowances for expected credit losses</u>	<u>(2,432,294)</u>	<u>(2,041,002)</u>
	<b>41,306,868</b>	<b>38,149,770</b>
Set out below is the movement in the allowance for expected credit losses of trade receivables:		
At 01 January	2,041,002	1,104,379
Provision for expected credit losses	391,292	936,623
At 31 December	<b>(2,432,294)</b>	<b>2,041,002</b>

Trade receivables are non-interest bearing and are generally on 30 to 90 days payment terms. Provision policy excludes debtors backed by guarantees. Significant increase in sales led to significant increase in trade receivables from TZS 40.1 billion to TZS 43.7 billion. In 2019, TZS 2.43 (2018: TZS 2.04 billion) was recognised as provision for expected credit losses on trade receivables for the company. Information about the credit exposures are disclosed in Note 42.

## 24 OTHER SHORT-TERM OPERATING RECEIVABLES

Prepaid expenses	1,980,357	1,783,662
Other short-term receivables:		
Staff advances	326,086	494,904



	2019 TZS '000	2018 TZS '000
Advances to suppliers	8,578,581	5,027,875
Other short-term receivables*	1,024,510	-
	9,929,177	5,522,778
<b>Gross debtors</b>	<b>11,909,534</b>	<b>7,306,440</b>
<i>Allowance for expected credit losses</i> <sup>5</sup>	(1,209,962)	(744,188)
	<b>10,699,572</b>	<b>6,562,252</b>
<i><u>Movement in allowance for expected credit losses</u></i>		
At 01 January	(744,188)	(744,188)
Provision for expected credit losses	(465,774)	-
<b>At 31 December</b>	<b>(1,209,962)</b>	<b>(744,188)</b>

\*- Other short-term receivables consist of TZS 1billion deposit to Tanzania Revenue Authority as a requirement for filling objection regarding tax cases disclosed under note 39

*Terms and conditions of the above other receivables:*

Staff advances are amounts raised to staff for small value expenses such as travelling costs that cannot be certainly determined in advance. These are non-interest bearing and must be retired within 30 days. On aggregate such balances are not material and their very quick retirement period of 30 days since they were advanced reduces any risk of impairment.

Advances to suppliers are non-interest bearing and are generally on a maximum of 90 days terms. The balance at year end represent down payment to suppliers for upcoming deliveries and port clearing charges.

Immediately as such deliveries are made, normally within two months, respective expenses as applicable are actualised. Management has assessed impairment on such balances and concluded that default is remote, and any provision would be immaterial.

## 25 OTHER FINANCIAL ASSETS

Other financial assets include amount receivable from sale of company's property. In 2017 the Company sold part of its owned land located at Kinondoni Municipality, Plot 6/2/1, Plot 6/2/2 and Plot 6/2/3 for a total consideration of Tanzanian Shillings (TZS) 23 billion (exclusive of VAT).

During the year 2018 the entity sold another piece of land located at Kinondoni Municipality, Plot 6/2/4 as well as Lugoba project (plant and machinery for aggregates production and its respective mining right) for a total consideration of TZS 7 billion (exclusive of VAT).

Payment terms for the individual plots ranges from one to two years, to be paid in two instalments annually up to December 2023.

### Amount receivable as at 31 December

Balance brought forward	14,704,713	20,863,896
Selling price inclusive of Value Added Tax*	-	27,424,970
Value added tax paid	-	(1,288,071)
Proceeds received	(4,078,073)	(13,315,133)
<b>Total amount receivable</b>	<b>10,626,640</b>	<b>14,704,713</b>

Current portion<sup>6</sup>

Non-current portion

	2019 TZS '000	2018 TZS '000
Balance brought forward	14,704,713	20,863,896
Selling price inclusive of Value Added Tax*	-	27,424,970
Value added tax paid	-	(1,288,071)
Proceeds received	(4,078,073)	(13,315,133)
<b>Total amount receivable</b>	<b>10,626,640</b>	<b>14,704,713</b>
Current portion <sup>6</sup>	4,721,453	7,191,052
Non-current portion	5,905,187	7,513,661
<b>Total amount receivable</b>	<b>10,626,640</b>	<b>14,704,713</b>

\* Value Added Tax was recognised upon sale and subsequently paid to Tax authority.

## 26 CASH AND BANK BALANCES

Cash at bank - local currency	6,985,403	16,813,179
Cash at bank - foreign currency	65,677,699	49,156,703
Cash at hand	21,591	17,376
<b>Total cash and bank balances</b>	<b>72,684,693</b>	<b>65,987,258</b>

The carrying amounts disclosed above reasonably approximate the fair values at the reporting date. The cash and cash equivalents position for the purpose of the statement of cash flow purposes is as follows:

	2019 TZS '000	2018 TZS '000
Cash and cash equivalents as above	72,684,693	65,987,258
<b>Net cash and cash equivalent</b>	<b>72,684,693</b>	<b>65,987,258</b>

## 27 SHARE CAPITAL

### AUTHORISED, ISSUED AND FULLY PAID UP

179,923,100 Ordinary Shares of TZS 20 each

### SHAREHOLDING

#### Shareholder:

Scancem International DA  
General Public  
Wazo Hill Savings and Credit Cooperative Society

	Number of Shares	Number of Shares
Scancem International DA	124,598,500	124,598,500
General Public	54,923,107	54,923,107
Wazo Hill Savings and Credit Cooperative Society	401,493	401,493
	<b>179,923,100</b>	<b>179,923,100</b>

## 28 LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the year:

As at 01 January 2019

Impact of initial application of IFRS 16

As at 01 January 2019 - Restated

Accretion of interest

Payments

**As at 31 December 2019**

Current

Non-current

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets

Interest expense on lease liabilities

Expense relating to leases of low-value assets<sup>7</sup>

**Total amount recognised in profit or loss**

The rent is paid on annual basis. The lease is renewable on expiry. There are no contingent rents payable, purchase options and restrictions imposed on the Company associated with the lease arrangements.

The incremental borrowing rate applied during the year was 19.22% for Land and 18.62% for Quarry Equipments.

	2019 TZS '000	2018 TZS '000
As at 01 January 2019	-	-
Impact of initial application of IFRS 16	10,646,217	-
As at 01 January 2019 - Restated	<b>10,646,217</b>	-
Accretion of interest	1,762,685	-
Payments	(4,337,151)	-
<b>As at 31 December 2019</b>	<b>8,071,751</b>	-
Current	4,974,507	-
Non-current	3,097,244	-
	<b>8,071,751</b>	-
Depreciation expense of right-of-use assets	3,215,446	-
Interest expense on lease liabilities	1,762,685	-
Expense relating to leases of low-value assets <sup>7</sup>	930,149	-
<b>Total amount recognised in profit or loss</b>	<b>5,908,280</b>	-



## 29 EMPLOYMENT BENEFIT LIABILITIES

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

	2019 TZS '000	2018 TZS '000
The Company contributions during the year were as follows:		
Endowment Scheme	766,949	701,697
Parastatal Pension Fund (PPF)	-	458,326
National Social Security Fund (NSSF)	1,200,772	741,357
	<b>1,967,721</b>	<b>1,901,380</b>

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

Directors are of the opinion that the unfunded defined benefit obligation does not expose the Company to significant company specific or plan specific risk. There are no modifications/ amendments to the defined benefit plans that resulted from either statutory (labour law) or any other negotiations with employees' union that would result into the past service cost being recognised in profit or loss.

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

	2019 TZS '000	2018 TZS '000
Present value of unfunded obligations	5,491,631	5,119,604
Net liability recognised in statement of financial position	<b>5,491,631</b>	<b>5,119,604</b>
Post-employment benefit	5,189,559	4,715,492
Other long-term benefits	302,072	404,112
	<b>5,491,631</b>	<b>5,119,604</b>
<b>The amounts recognised in profit or loss and OCI are as follows:</b>		
Current service cost	250,002	235,492
Interest on obligation	563,880	576,463
<b>Expense recognised in profit or loss</b>	<b>813,882</b>	<b>811,955</b>
Actuarial losses on defined benefit plan:		
Post-employment benefit	1,316,416	545,753
Other long-term benefits	95,084	31,136
<b>Expense recognised in OCI</b>	<b>1,411,500</b>	<b>576,889</b>

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

	2019 TZS '000	2018 TZS '000
<b>Post-employment benefits</b>		
Opening balance (end-of-service benefits)	4,721,723	4,449,941
Current service costs	233,161	222,782
Interest cost	518,781	532,082
Past service costs	(1,014,500)	-
Benefits payments	(714,006)	(1,028,835)
Actuarial losses	1,316,416	545,753
Closing balance (end-of-service benefits)	<b>5,061,575</b>	<b>4,721,723</b>
<b>Other long-term benefits</b>		
Opening balance (long-service awards)	397,881	368,349
Current service costs	16,841	12,710
Interest cost	45,098	44,381
Past service costs	(51,572)	-
Benefits payments	(73,276)	(58,695)
- Sub-total: change in provision for other long-term benefits	(62,909)	(1,604)
Actuarial (gains)/losses	95,084	31,136
Closing balance (long-service awards)	<b>430,056</b>	<b>397,881</b>
<b>Total amount of obligation</b>	<b>5,491,631</b>	<b>5,119,604</b>

#### Expected benefit payments

	Expected benefits payments		Expected contributions	
	2019 TZS '000	2018 TZS '000	2019 TZS '000	2018 TZS '000
In the following year	2,122,275	556,130	-	-
In current year +2	446,340	848,057	49,593	130,283
In current year +3	672,222	585,602	74,691	65,752
In current year +4	199,251	774,049	22,139	86,005
In current year +5	591,557	268,013	65,729	29,779
In current year + 6 and > (in aggregate)	3,501,002	4,671,435	389,000	519,048

The average duration of the defined benefit plan obligation at the end of the reporting period is 15 years (2018: 15 years).

#### Significant actuarial assumptions

	2019	2018
Discount rate at 31 December	12%	12%
Future annual salary increases	5%	5%
Interest/inflation rate	5%	5%
Retirement age	60 years	60 years
Cement per ton price	TZS 92,000	TZS 92,000





The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of treasury bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases, and pension increases are based on expected future inflation rates for the respective countries.

The key assumptions and their sensitivity analyses are discussed further below.

#### Sensitivity analysis

The assumptions with the greatest impact on the results are:

	2019	2018
	TZS '000	TZS '000
Discount +1%	(5,358,469)	4,843,706
Discount -1%	(5,633,139)	5,429,208
Service plus interest cost discount +1%	769,490	820,000
Service plus interest cost discount -1%	769,788	836,166

Sensitivity figures above are based on changes expected in one year. Inflation is expected to be stable. The amounts shown under discount represent the value of the obligation after changing the assumption on statement of financial position while the amounts under interest cost shows the value of expense after changing the assumption.

#### Membership statistics

##### Active members

Headcount	264	286
Average age	42	43
Average future service	13	15
Average annual pensionable salary	36,512	23,902

The scheme has no retired or inactive members.

	2019	2018
	TZS '000	TZS '000
Active members	264	286
Average age	42	43
Average future service	13	15
Average annual pensionable salary	36,512	23,902

### 30 OTHER STATUTORY PAYROLL REMITTANCES

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

Skills and Development Levy	598,022	614,874
Workers Compensation Fund	90,916	119,174
The amount deducted from the employees' salaries and wages in the year in respect of PAYE is:		
Pay As You Earn	4,468,571	3,002,785

At year-end the following amounts were outstanding and were payable to TRA. The amounts are included in trade and other payables as at year end and were subsequently remitted after year-end.

Skills and Development Levy	23,291	80,725
Pay As You Earn	561,682	474,709
Workers Compensation Fund	94,578	18,705

## Notes to the Financial Statement - continued

### 31 PROVISIONS

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

	2019 TZS '000	2018 TZS '000
At 1 January	3,085,619	2,048,779
Provision for the year	-	1,036,840
Release of provision	(957,242)	-
At 31 December	<b>2,128,377</b>	<b>3,085,619</b>

The key assumptions used in determining the provision are:

- The useful life of the site is estimated to be 30 years and the provision is made based on the discounted expected cost of closure at the end of this period.
- The cost will be incurred in USD
- The estimated cost is USD 0.2 per ton of material mined from the quarry site.
- The applicable discount rate equals 12% (2018: 12%) which fairly approximates to the market rate
- Tanzania inflation rate used was 5% (2018: 5%)

The expected timing of the provision is to be utilised over periods after more than one year from the reporting date.

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### 32 INCOME TAX

#### i) Income tax expense

	2019 TZS '000	2018 TZS '000
Current income tax charge	29,209,746	28,891,560
Deferred income tax credit	(3,038,044)	(4,012,873)
	<b>26,171,702</b>	<b>24,878,687</b>

#### ii) Reconciliation of tax expense to tax based on accounting profit:

Accounting profit before taxation	85,874,986	81,744,782
Tax applicable rate of 30% (2018: 30%)	25,762,496	24,523,435

#### Tax effect on non-taxable/non-deductible items

Disallowable expenses for tax purposes*	409,206	355,252
Income tax expense	<b>26,171,702</b>	<b>24,878,687</b>

#### iii) Deferred income tax

Accelerated depreciation for tax purposes	91,997,812	97,405,569
Provisions for post-employment benefits	(2,644,483)	(2,596,255)
Write-down of inventory to net realisable value	(11,721,932)	(9,269,259)
Actuarial losses on employee benefits obligation	(3,934,559)	(2,523,059)
Provision for impairment of receivables	(3,642,306)	(2,785,189)
Provision for quarry site restoration	(2,128,377)	(3,085,619)
Unrealised exchange loss	(2,949,728)	(12,686,237)
Unrealised exchange gain	2,123,331	8,246,441
Other temporary differences	(8,521,364)	(2,589,717)
	<b>58,578,394</b>	<b>70,116,675</b>





	2019 TZS '000	2018 TZS '000
Deferred income tax liability thereon at 30%	17,573,518	21,035,003
Less: Opening deferred tax liability	(21,035,003)	(25,220,943)
Deferred income tax charge	<b>(3,461,484)</b>	<b>(4,185,941)</b>
Deferred income tax credit to profit	(3,038,044)	(4,012,873)
Deferred income tax credit to other comprehensive income	(423,440)	(173,068)
	<b>(3,461,484)</b>	<b>(4,185,941)</b>
<b>iv) Current income tax payable</b>		
Tax payable/(receivable) brought forward	3,575,758	8,434,329
Tax charge for the year	29,209,746	28,891,560
Utilisation of 1/3 paid to TRA in prior periods	-	(1,752,181)
Tax payments during the year	(31,758,076)	(31,997,950)
<b>Current income tax payable</b>	<b>1,027,428</b>	<b>3,575,758</b>

\* Disallowable expenses for tax purposes includes donations, entertainment and contribution to private pension schemes.

### 33 TRADE AND OTHER PAYABLES

Trade payables - third parties	
Trade payables - intercompany	38(c)
Accruals*	
Contract liabilities	34
Short-term operating payables	
Payables for payroll and related costs	

	2019 TZS '000	2018 TZS '000
Trade payables - third parties	46,661,796	37,648,778
Trade payables - intercompany	8,220,179	6,866,392
Accruals*	12,026,853	10,499,825
Contract liabilities	3,010,513	1,919,803
Short-term operating payables	1,096,866	1,189,505
Payables for payroll and related costs	2,286,342	3,028,764
	<b>73,302,549</b>	<b>61,153,067</b>

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

- Other payables are non-interest bearing and have an average term of 30 days.
- For terms and conditions relating to related parties, refer to Note 38.
- Short term operating payables consist of indirect taxes payables

\* Accruals consist of costs for services rendered, but invoices have not been received, including electricity and natural gas costs.

### 34 CONTRACT LIABILITIES

<b>Opening balance</b>	1,919,803	3,173,625
Advances for cement sales	3,010,513	1,919,803
Recognised as revenue during the year	(1,919,803)	(3,173,625)
	<b>3,010,513</b>	<b>1,919,803</b>

The performance obligation is satisfied when cement trucks crosses Tanzania Portland Cement Plc's weighbridge and delivery note generated. Contract liabilities will be realised within a period of one month after the year end.

## Notes to the Financial Statement - continued

### 35 INTEREST BEARING LOAN

The loan of initially TZS 1,082,822,619 was extended by the Government of the United Republic of Tanzania to the Company for the rehabilitation of the Company quarries under the SIDA import support programme during the financial year 1988/1989, 1989/1990 and 1990/1991. The loan carries interest rate of 10% per annum on the outstanding balance and is payable in semi-annual equal instalments of TZS 25,181,921 for a period of 20 years. The repayment of the loan commenced on 31 January 1999 and is payable up to 31 December 2016. As at 31 December 2019, Interest amount of TZS 5 million was still outstanding. The loan was not secured. The Company decided to repay the loan earlier as the amount outstanding was immaterial.

	2019 TZS '000	2018 TZS '000
Interest payable as at 31 December	5,021	5,021

No additional charge is expected from the government and the amounts are current.

### 36 DIVIDEND PROPOSED AND APPROVED

#### Dividend approved during the year

Dividends on ordinary shares:

Final dividend 2018: TZS 290 per share (2017: TZS 100 per share)

	2019 TZS '000	2018 TZS '000
<b>Total</b>	<b>52,177,699</b>	<b>17,992,310</b>

Dividends paid are subject to withholding tax which is payable to Tanzania Revenue Authority.

During the period under review, there was no interim dividend declared following restrictions imposed by the Bank of Tanzania which requires interim dividend payment to be supported by interim audited accounts and authenticated documents from Tanzania Revenue Authority confirming payments of all relevant taxes.

Subsequent to year-end, the Board proposed a final dividend for 2019 totalling TZS 52.17billion (2018: TZS 52.17 billion) being TZS 290 per share (2018: TZS 290 per share).

## TANZANIA PORTLAND CEMENT PUBLIC LIMITED COMPANY ANNUAL REPORT 2019

CREATING CONNECTIONS



### 37 DIVIDEND PAYABLE

Dividend payable as at year end comprises of:

	2019 TZS '000	2018 TZS '000
Scancem International DA	3,217,502	3,850,962
Third party	3,217,502	3,850,962

### 38 RELATED PARTY TRANSACTIONS

The Company's ultimate holding Company is Heidelberg Cement AG incorporated in Germany and immediate holding Company is Scancem International DA incorporated in Norway.

During the year, the Company entered into transactions with Scancem International DA of Oslo, Norway which owns an equity stake of 69.25% the Company, Heidelberg Cement AG which is the Ultimate holding company and HC Trading Malta which is a sister company to TPCPLC. The Company imports raw materials, machinery, spare parts and services from/through the holding company. The Company's purchases during the year were as follows:

#### (a) Sales to related parties

The Company sells materials and spare parts to related companies. There were no sales transactions with the related companies during the period

#### (b) Purchases from related parties

The Company purchases raw materials, spare parts, consumables and services from related party companies as follows:

Related party	Relationship	2019 TZS '000	2018 TZS '000
Heidelberg Cement AG	Ultimate parent company	3,592,556	4,363,575
Scancem International DA	Holding Company	176,940	4,443,754
HC Trading Malta Limited	Sister company	14,274,150	19,061,112
HC Green Trading Limited	Sister company	905,330	-
SA Cimenteries CBR Cementbedrijven	Sister company	1,094,912	-
Ghacem	Sister company	7,670	-
<b>Total</b>		<b>20,051,558</b>	<b>27,868,441</b>





	2019 TZS '000	2018 TZS '000
Within one year	-	22,981
After one year but not more than five years	-	45,960
	-	<b>68,941</b>

**Guarantees and other financial facilities**

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

Guarantees and standby letters of credit received from banks	<b>29,559,076</b>	<b>28,363,176</b>
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**Legal claims**

Contingent liabilities relate to several court cases on land trespassing, alleged unfair termination of employment contracts and breach of business contracts all amounting to TZS 1.3 billion (2018: TZS 1.3 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.

**Contingent asset**

The court ruled in favour of TPCPLC on one of the decided civil cases during the year and the Company is due to receive TZS 250 million. Settlement will be through TPCPLC realising asset pledged as collateral.

**Tax assessment**

The Company's future tax charge, effective tax rate and profit before tax could be affected by several factors including tax reform introduced in Tanzania and the resolution of open tax disputes with the TRA. As at 31 December 2019, the Company had unresolved tax assessments (VAT, WHT and PAYE) and appealed the matter to the Appeal Board. All major tax positions taken are subject to review by executive management and reported to the Board of Directors. The Company has assessments from external advisors supporting the

positions taken in respect of the significant tax matters which corroborates the application and interpretation of the tax legislation. The Company have considered all matters in dispute with the TRA and has accounted for any exposure identified, if required.

**40 EARNINGS PER SHARE**

	2019 TZS '000	2018 TZS '000
Profit attributable to ordinary equity holders	59,703,284,479	56,866,095,000
Weighted average number of ordinary shares	179,923,100	179,923,100
<b>Basic and diluted earnings per share (TZS)</b>	<b>332</b>	<b>316</b>

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

**41 SEGMENT REPORTING**

The Company's main product currently is cement which is produced in two grades. The majority of revenue is therefore derived from sale of cement (as disclosed in note 7) and the Board of Directors relies primarily on revenue from sale of cement to assess the performance.

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

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

The Company's operations are in Tanzania. No single customer contributes revenue amounting



to more than 10% of the Company's revenue. All the Company's non-current assets are located in Tanzania.

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

#### 42. FINANCIAL RISK MANAGEMENT

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

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

##### a. Treasury risk management




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

##### b. 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 Director. Exposure to losses from foreign liabilities is managed through prompt payment of outstanding liabilities and matching of receipts with payments in the same currencies.




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

#### Notes to the Financial Statement - continued

	Increase/ decrease in the value of TZS vs. USD	Effect on profit after tax TZS '000	Effect on Equity TZS '000
			
Net effect based on statement of financial position as at 31 December 2019	+10% -10%	2,198,660 2,198,660	2,198,660 2,198,660
Net effect based on statement of financial position as at 31 December 2018	+10% -10%	6,315,840 6,315,840	6,315,840 6,315,840

The sensitivity analysis has been determined based on the net exposure as at 31 December 2019. The change of 10% is what is used when determining the net foreign currency transaction risk reported internally to key management personnel to assess reasonably possible change in foreign exchange rates.

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

	Exposure in EURO translated in TZS TZS '000	Exposure in USD translated in TZS TZS '000	Total in function currency TZS '000
			
At 31 December 2019			
<b>Financial assets</b>			
Trade and other receivables	-	1,275,489	1,275,489
Cash and cash equivalents	11,616	15,382,479	15,394,095
Other financial assets	-	10,626,640	10,626,640
	11,616	27,284,608	27,296,224

	Exposure in EURO translated in TZS	Exposure in USD translated in TZS	Total in function currency
	TZS '000	TZS '000	TZS '000
<b>Financial liabilities</b>			
Trade and other payables	1,437,329	5,298,005	6,735,335
<b>Net exposure</b>	<b>(1,425,714)</b>	<b>21,986,603</b>	<b>20,560,889</b>
<b>At 31 December 2018</b>			
<b>Financial assets</b>			
Trade and other receivables	-	1,149,124	1,149,124
Cash and cash equivalents	9,099	49,160,418	49,169,517
Other financial assets	-	14,704,712	14,704,712
	<b>9,099</b>	<b>65,014,254</b>	<b>65,023,353</b>
<b>Financial liabilities</b>			
Trade and other payables	1,302,786	1,855,857	3,158,643
<b>Net exposure</b>	<b>(1,293,687)</b>	<b>63,158,397</b>	<b>61,864,710</b>

Exchange rates applicable were as follows:

	TZS:EURO	TZS:USD
On 1 January 2019	2,579	2,310
On 31 December 2019	2,629	2,321
On 1 January 2018	2,693	2,244
On 31 December 2018	2,629	2,310

### c. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

#### Trade Receivable

Customer credit risk is managed by finance department subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored and any sales to major customers are generally covered by guarantee letters obtained from reputable banks and other financial institutions. For the majority of customers, including export clients, full upfront payment is demanded.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. Customer type and rating and coverage by bank guarantee). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Generally, trade receivables are not written-off if past due for more than one year and are subject enforcement activity. The Company does not hold collateral as security. The letters of guarantee are considered integral part of trade receivables and considered in the calculation of impairment. At 31 December 2019, 68% (2018: 75%) of the Company's trade receivables are covered by letters of guarantees. For this matter the Company evaluates the concentration of credit risk with respect to trade receivable as low.



Set out below is the information about the credit risk exposure on the Company's trade receivables and contract assets using a provision matrix:

	Trade receivables				
	Days past due				
	Current	31-90 days	91 - 180 days	181 - 360 days	Total
<b>31 December 2019</b>					
Expected credit loss rate	0.003%	0.003%	4%	47%	
Estimated total gross carrying amount at default	18,074,556	14,704,017	6,368,705	4,591,884	43,739,162
Expected credit loss	561	457	283,829	2,147,446	2,432,293
	Trade receivables				
	Days past due				
	Current	31-90 days	91 - 180 days	181 - 360 days	Total
<b>31 December 2018</b>					
Expected credit loss rate	0.003%	0.003%	5%	23%	
Estimated total gross carrying amount at default	10,391,680	19,500,344	1,956,293	8,342,455	40,190,772
Expected credit loss	323	606	97,815	1,942,258	2,041,002

#### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. The Company deposits short term cash surpluses only with banks of high credit standing

The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2019 and 2018 is the carrying amounts as illustrated in table below:

Maximum exposure to credit risk	Notes	2019 TZS '000	2018 TZS '000
Trade receivables	23	41,306,868	38,149,770
Other short-term financial assets	24	10,699,572	6,562,252
Other financial assets	25	10,626,640	14,704,712
Bank balances	26	72,663,102	65,969,882
		<b>135,296,182</b>	<b>125,386,616</b>

As at year-end, the credit risk arising from trade receivables is mitigated by bank guarantees issued by the bank in respect of customers as presented in Note 39.

#### Analysis of credit risk mitigation:

Trade receivables	23	41,306,868	38,149,770
Bank guarantees	39	(29,559,076)	(28,363,176)
<b>Unguaranteed trade receivables</b>		<b>11,747,792</b>	<b>9,786,594</b>

#### (d) Liquidity risk

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

At 31 December 2019	On demand	Less than 3 months	1 to 5 years	More than 5 years	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
<b>Financial liabilities</b>					
Interest-bearing loan	-	5,021	-	-	5,021
Trade and other payables	1,312,489	71,990,060	-	-	73,302,549
Lease liabilities	-	556,875	11,571,843	-	12,128,718
	<b>1,312,489</b>	<b>72,551,951</b>	<b>11,571,843</b>	<b>-</b>	<b>85,436,288</b>
<b>At 31 December 2018</b>					
<b>Financial liabilities</b>					
Interest-bearing loan	-	5,021	-	-	5,021
Trade and other payables	4,948,567	56,204,500	-	-	61,153,067
	<b>4,948,567</b>	<b>56,209,521</b>	<b>-</b>	<b>-</b>	<b>61,158,088</b>

The amount for interest-bearing loans as at 31 Dec. 2019 refers to only portion of interest payable on a past loan whose whole principal amount has already been paid. As such this amount equals the balance of the loan recorded on the balance sheet since no interest is applicable.

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

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

The undiscounted lease liabilities as at year-end are due as follows (all amounts are in TZS):

	< 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
Lease liabilities	4,337,151	5,446,214	33,033	2,312,320	12,128,718

#### (e) Fair value measurements

Except for non-current financial assets, the fair value of the Company's financial assets and liabilities reasonably approximates the carrying amounts.

- Trade and other receivables and payables, and bank balances: Due to short term nature of the financial instruments.
- Interest bearing loan: The interest rate charged on the loan is in line with market interest rates charged on similar loans and the Company's default risk is remote.

Fair value for other financial assets is based on Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Description of valuation techniques used and key inputs to valuation of other financial assets with non-current portion:

Valuation technique	Significant observable inputs	Range (weighted average)	
		2019	2018
Market approach	6 months LIBOR interest rates	2.81% - 1.91%	1.97% - 2.81%
	TZS: USD foreign exchange rates	2,310 - 2,321	2,244 - 2,310

#### (f) Capital management

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

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 31 December 2018.



	Notes	2019 TZS '000	2018 TZS '000
<b>Financial liabilities less cash and cash equivalents</b>			
Interest bearing loans	35	5,021	5,021
Trade and other payables	33	73,302,549	61,153,067
Cash and cash equivalents	26	(72,684,693)	(65,987,258)
<b>Net debt</b>		<b>(622,877)</b>	<b>(4,829,170)</b>
<b>Total Equity</b>		<b>231,473,287</b>	<b>224,935,758</b>
<b>Capital and net debt</b>		<b>232,096,164</b>	<b>220,106,588</b>
<b>Gearing ratio</b>		<b>0.3%</b>	<b>-2%</b>

The gearing ratio increased to -0.3 % as of 31 December 2019 (2018: -2%) due to the increase in net debt and increase total equity.

#### 43 OPERATING EXPENSES BY FUNCTION

Cost of sales	229,954,588	221,365,491
Selling and marketing expenses	2,746,244	3,454,468
Administrative costs	26,629,390	23,766,944
Other operating expenses	6,536,148	4,293,923
<b>Total expenses</b>	<b>265,866,370</b>	<b>252,880,826</b>

#### 44. EVENTS AFTER THE REPORTING DATE

The COVID-19 pandemic continued to affect countries and businesses at the time of issuing these financial statements. The risks arising from this pandemic could include market, services and supply chain disruptions, unavailability of key people resources, locations being quarantined, among others. The directors have assessed that, at the time of issuing these financial statements, it was impracticable to determine and disclose the extent of the possible effects of the pandemic on the Company. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from the judgements and assumptions used, could require a material adjustment to the carrying amount of the assets or liabilities reported in these financial statements.

Directors assessment is based on the following areas;

- The board acknowledges the economic challenges brought about by the COVID-19 and its impact on company operations. However, the board is of the view that there are no adjusting events or conditions existed at the date of reporting affecting the financial statements.
- Going concern of the company will not be affected by this event and the company will continue to operate as a going concern. Management is closely monitoring the economic developments in key markets and sectors and undertake scenario analysis. This enables the company to take portfolio actions where necessary, including enhanced monitoring, amending company's risk appetite and, or reducing limits and exposures. In the first quarter of the year 2020 (Jan – Mar) the company posted a steady performance compared to its 2020 plan however, management takes all the precautionary measures to reviews the validity of the assumptions made for the plan 2020 and readjust where necessary. It is apparent that given the border closure with the neighbouring states would require adjustments of the forecasted sales volumes. This goes hand in hand with the review of key customers and updates from the other sectors linked to our business.
- Production will not be affected as there is enough stock of raw materials to meet the demand of cement in the market, considering the fact that the company produces its own raw materials (with exception of gypsum) required in the production of cement.
- There is no increase credit risk from customers. At present, 68% of company's receivables are backed up with the bank guarantee however, management will continue to closely monitor each customer to ensure that exposures are mitigated during this period of uncertainties.
- The board and management of TPC PLC will continue to monitor measures taken by the government and local banks versus company projections and programs planned to be undertaken in 2020.

- There are no conditions that would warrant impairment of non-financial assets. There are no significant financial assets measured at fair values that would materially impact the performance of the company.  
There were no other events after the reporting date which requires adjustment or disclosure in the financial statements.

#### 45 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors on the date shown on the statement of financial position page. They are subject to approval by the shareholders during the Annual General Meeting.

##### (Footnotes)

- 1 Contract period for leases of low value are generally on six- or twelve-months terms. As at 31 December 2018, the company had no commitments for leases of low value.
- 2 In 2019 the company received Insurance claim amounting to TZS 4.2 billion.
- 3 Includes provision for tax assessment financial years 2007 to 2016.
- 4 In 2018, release of provision was due to stock movement used in production hence removed from computation
- 5 Included in ECL is prepayment for projects that are likely not to be executed
- 6 Amount received is less than contractual agreement, however the customer is committed to settle outstanding balance
- 7 Included in administrative expenses











## PROXY FORM

For use at the Annual General meeting of  
Tanzania Portland Cement Public Limited Company.

I/ We ..... of (Address) ..... a shareholder/ shareholders of

Tanzania Portland Cement Company Ltd, hereby appoint (note1)  
.....  
of (Address) .....  
as my/ our proxy to vote for me/ us on my/ our behalf at the Annual General Meeting of the Company to be held

Location: virtually, through an internet-based platform

Date: 28 May 2020 at 10:00 am to 11:00 Hrs

and at any adjournment thereof

Signature ..... (Notes 1 & 2) Dated .....

### Notes:

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

Form to be returned at least 24 hours before the meeting, to the company's Share Registrars, CAD Securities Limited:

Attention: The Corporate Actions Manager

CAD Securities Limited

Whatsapp No. +255 777 787 845

Email: judith@cadsecurities.com or neemak@cadsecurities.com

## FOMU YA MWAKILISHI

**Kwa matumizi kwenye Mkutano Mkuu wa Mwaka wa  
Tanzania Portland Cement Public Limited Company.**

CREATING CONNECTIONS  
TANZANIA PORTLAND CEMENT PUBLIC LIMITED COMPANY ANNUAL REPORT 2019

Mimi/ Sisi .....

wa S.L.P. ....

wa Kampuni ya Tanzania Portland Cement Company Ltd, namchagua (Zingatia 1)

nikiwa mwanachama/ wanachama

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.

Kwa njia ya mtandao,

Tarehe: 28 Mei 2020

Saa: Nne asubuhi – Tano mchana

au huu Mkutano ukiairishwa, katika huo Mkutano ulioairishwa

Sahihi ..... (Zingatia 1 na 2) Tarehe .....

Zingatia Yafuatayo:

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

Fomu irudishwe angalau masaa 24 kabla muda wa mkutano, kwa wawakilishi wa kampuni:

Kwake:

Meneja Utendaji wa Kiofisi

CAD Securities Limited

Whatsapp Simu Namba. +255 777 787 845

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







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TANZANIA PORTLAND CEMENT PUBLIC LIMITED COMPANY  
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