twiga cement

HEIDELBERGCEMENT Group

BRIDGING

CREATING AN IMPACT IN THE LOCAL COMMUNITY IN TANZANIA

2013

TANZANIA PORTLAND CEMENT COMPANY LIMITED

2013 Annual Report and Financial Statements

Mr Pascal Lesoinne (former Managing Director) with Hon. Abdallah Kigoda (Minister for Industry and Trade) at the launching of Twiga Plus.

	2009 TZS '000	2010 TZS '000	2011 TZS '000	2012 TZS '000	2013 TZS '000
Number of employees (yearly average)	342	358	356	358	341
Income statement					
Revenue	178,999,595	199,600,699	217,258,974	249,111,727	213,775,188
Operating income before depreciation (OBID)	79,479,085	85,859,299	83,120,654	103,326,150	62,595,247
Operating income (OI)	71,982,795	75,881,736	72,771,794	91,366,223	49,484,552
Profit/loss for the financial year	47,992,970	50,205,052	50,605,262	61,578,589	37,640,069
Earnings per share (TZS)	266.74	279.04	281.26	342.25	209.20
Dividend per share (TZS)	130.00	139.51	180.00	185.00	195.00
Investments					
Total investments in fixed assets	27,904,244	6,082,331	23,622,977	14,232,524	37,211,974
Depreciation and amortisation	-7,496,290	-9,977,563	-10,348,860	-11,959,927	-13,110,694
Balance sheet					
Non-current assets	142,383,084	138,879,244	152,494,631	154,752,310	177,761,974
Current assets	49,953,054	78,290,725	100,173,774	123,077,973	116,719,236
Equity	141,514,212	168,329,261	186,875,852	213,029,613	223,291,173
Non-current liabilities	24,168,847	25,728,556	26,328,913	33,351,255	30,567,743
Current liabilities	26,653,078	23,112,152	39,463,640	31,449,415	40,622,294
Balance Sheet Total	192,336,138	217,169,969	252,668,405	277,830,283	294,810,210
Net debt [(+) means geared]	16,134,423	-6,911,268	-9,175,178	-25,890,914	-5,413,191
Ratios					
OBD Margin	44%	43%	38%	41%	29%
OI Margin	40%	38%	33%	37%	23%
Net debt/ shareholders' equity (gearing)	10%	-4%	-5%	-14%	-2%
Net debt /OIBD	0.20x	-0.08x	-0.11x	-0.25	-0.09x
Memo items:					
- Average exchange rate TZS/USD	1,319	1,412	1,585	1,615	1,658
- Closing exchange rate TZS/USD	1,327	1,470	1,613	1,626	1,626

Contents

PRINCIPAL PLACE OF BUSINESS
Tanzania Portland Cement Company Limited
Wazo Hill
P.O. Box 1950
Dar es Salaam

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

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

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

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

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

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

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Azikiwe Street
P.O. Box 11133
Dar es Salaam

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

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

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

KPMG
P.O. Box 1160
Dar es Salaam

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

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P.O. Box 2475
Dar es Salaam

2013

Company Information
Taarifa Muhimu za kampuni

The Shareholders
Tanzania Portland Cement Company Limited

Letter of Transmittal

The Directors of the Company have the pleasure to submit to you the Annual Report for the Company for the year ended 31st December 2013 in accordance with section 166 of the Companies Act, 2002.

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

The Directors recommend a final dividend of TZS195 per share for 2013 (2012: TZS 185).

Jean-Marc Junon

CHAIRMAN
Tanzania Portland Cement Company Limited

Kwa Wanahisa
Tanzania Portland Cement Company Limited

Barua ya Kuwasilisha

Wakurugenzi wa Kampuni wanayo furaha kuwasilisha kwenu Taarifa ya Mwaka ya Kampuni kwa kipindi cha mwaka ulioishia Decemba 31, 2013, kwa mujibu wa ibara ya 166 ya Sheria ya Kampuni ya mwaka, 2002.

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

Bodi ya Wakurugenzi inapendekeza gawio la mwisho la TZS 195 kwa kila hisa kwa mwaka 2013 (2012: TZS 185).

Jean-Marc Junon

MWENYEKITI
Tanzania Portland Cement Company Limited

We contribute towards the growth of the health sector.

Mr. Jean-Marc Junon,
Chairman - Tanzania Portland Cement Company

Chairman's Statement

2013

Introduction

Tanzania Portland Cement Company Ltd (TPCC) strengthened its brand image through quality and service focus.

Economic and Business Environment

The Tanzanian economy grew at a continuous pace of about 7% to confirm the positive expectations from previous years. Annual urbanization growth of over 10%, underscored the need of increased investment in urban infrastructure and affordable housing. In the year under review, the Tanzanian Shilling was relatively stable compared with the major trading currencies, depreciating by less than 1% against the USD.

The cement market was continuously disrupted by the importation of large quantities of cement at the limit of unfair competition practices, which harmed the cement industry as whole and TPCC as the market leader. TPCC in the forum of the East Africa Cement Producers Association led the task force for a rightful application of the Competition Laws as well as for the assurance that cement imports follow the customs and quality regulations. TPCC is always advocating for fair competition at all levels.

Financial Performance

2013 can be defined as a challenging year. Due to strong market pressure and production limitations resulting from an accidental fire on the main transformer, TPCC suffered a reduction of 10% on cement sales volume. Pressure on prices together with the reduction of volumes, had a negative impact of 14% on our accumulated turnover. All the above, together with the increase of operational cost, negatively impacted TPCC's Operating Profit by 46%. Nevertheless, the overall financial performance of TPCC, even though not at expected levels, continued to add positive value for our shareholders, with strong signs of recovery towards the end of the year.

Prospects

Coming from a challenging 2013, TPCC has worked hard to increase its operational excellence, reduce production cost, while maintaining a leadership position in the Tanzanian market. 2014 will also face some challenges as competition will increase with the commissioning of new capacities, but TPCC's positioning in terms of quality, product mix and additional capacity, should allow us to achieve good results. The start-up of a new cement mill in the second part of the year, will allow us to meet future market challenges.

Dividend

The Board proposes a dividend for 2013 of TZS 195 per share. This is an increase of 5% compared to the previous year. The proposed dividend represents 93% of the Net Profit for the year.

Corporate Citizenship

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

The renewal of our ISO 14001 and OHSAS 18001 certificates is material proof of our continuous improvement in these aspects.

TPCC continues to make significant contributions to the Tanzanian economy and society through government taxes, technology improvements, new investments, international business standards, community development programs and by performing its core activity: to produce high quality cement available for building the country.

Finally, I would like to express my gratitude to TPCC Board members, management and staff for their hard work under the challenging circumstances faced in 2013 and thank our customers, suppliers and other stakeholders for their support and loyalty throughout the year.

Maelezo mafupi ya Mwenyekiti

2013

Utangulizi

Kampuni ya Saruji Tanzania (TPCC) imeimarisha taswira ya bidhaa zake katika soko kwa kuongeza ubora wa bidhaa na utoaji wa huduma kwa wateja.

Mazingira ya Uchumi na Biashara

Uchumi wa Tanzania umeendelea kukua kwa kiwango cha 7% na hii inathibitisha matarajio chanya ya kutoka miaka iliyopita. Ukuaji wa miji uliofikia zaidi ya 10%, hasa jiji la Dar es Salaam, umedhihirisha haja ya kuongeza uwekezaji katika miundo mbinu na makazi ya bei nafuu. Katika mwaka wa 2013, thamani ya sarafu ya Tanzania imekuwa thabiti kulinganisha na sarafu zingine kuu duniani. Katika kipindi hiki, sarafu ya Tanzania ilishuka kwa trakribani 1% dhidi ya dola ya Marekani.

Maendeleo ya soko la saruji yamekuwa yakiathiriwa na uagizaji wa saruji kutoka nje kinyume cha taratibu ambao umepelekea ushindani usio halali. Katika Jukwaa la Wazalishaji wa Saruji Afrika ya Mashariki TPCC iliongoza kikosi kazi ambacho kinatetea misingi sawa ya sheria za ushindani na vile vile kuhakikisha kuwa bidhaa za saruji zinazoingizwa nchini zinafuata sheria za forodha na kukidhi viwango. TPCC inatetea ushindani ulio halali katika ngazi zote.

Utendaji Kifedha

Mwaka 2013 umekuwa na chagamoto zaidi katika utendaji wa TPCC. Changamoto za soko na uzalishaji zilizosababishwa kwa kiasi kikubwa na kuungua kwa transfoma kuu iliyokuwepo. Hivyo basi, saruji iliyosambazwa kwa wateja ilipungua kwa 10% ukilinganisha na mwaka uliopita. Msukumo na mabadiliko ya bei pia yamechangia kushuka kwa mauzo kwa 14%. Sababu hizi pamoja na ongezeko la gharama za uendeshaji imepelekea faida ya uendeshaji kwa mwaka 2013 kupungua kwa 46%. Ingawa utendaji wa fedha ulikuwa chini ya matarajio, tumeendelea kutoa ongezeko la thamani kwa wanahisa na kuonyesha dalili nzuri za uzalishaji kuelekea mwisho wa mwaka.

Matarajio

Pamoja na changamoto za mwaka 2013, TPCC inahakikisha ufanisi mkubwa katika undeshaji wa shughuli zake, kupunguza gharama za uzalishaji na kuendelea kushikilia uongozi katika soko la saruji Tanzania. Katika mwaka 2014, tunategemea kuona ushindani ukiongezeka kutokana na kufunguliwa kwa viwanda vipya vya uzalishaji wa saruji. TPCC imejipanga kuimarisha ubora wa bidhaa, mchanganyiko wa bidhaa na upanuzi wa kiwanda, ambavyo vyote hivi vinategemea kuleta matokeo mazuri na kufikia malengo ya 2014. Kinu kipya (CM5) kinachotarajiwa kuanza kazi nusu ya pili ya mwaka 2014 kitatupa fursa ya kuongeza uzalishaji na kukidhi mahitaji ya soko la sasa na la baadaye.

Gawio

Bodi ya Wakurugenzi inapendekeza gawio la Shilingi195 kwa hisa kwa mwaka 2013. Hili ni ongezeko la 5% ikilinganishwa na gawio la mwaka uliopita. Pendekezo hili ni sawa na 93% ya faida ya mwaka baada ya kulipa kodi.

Uraia Mwema

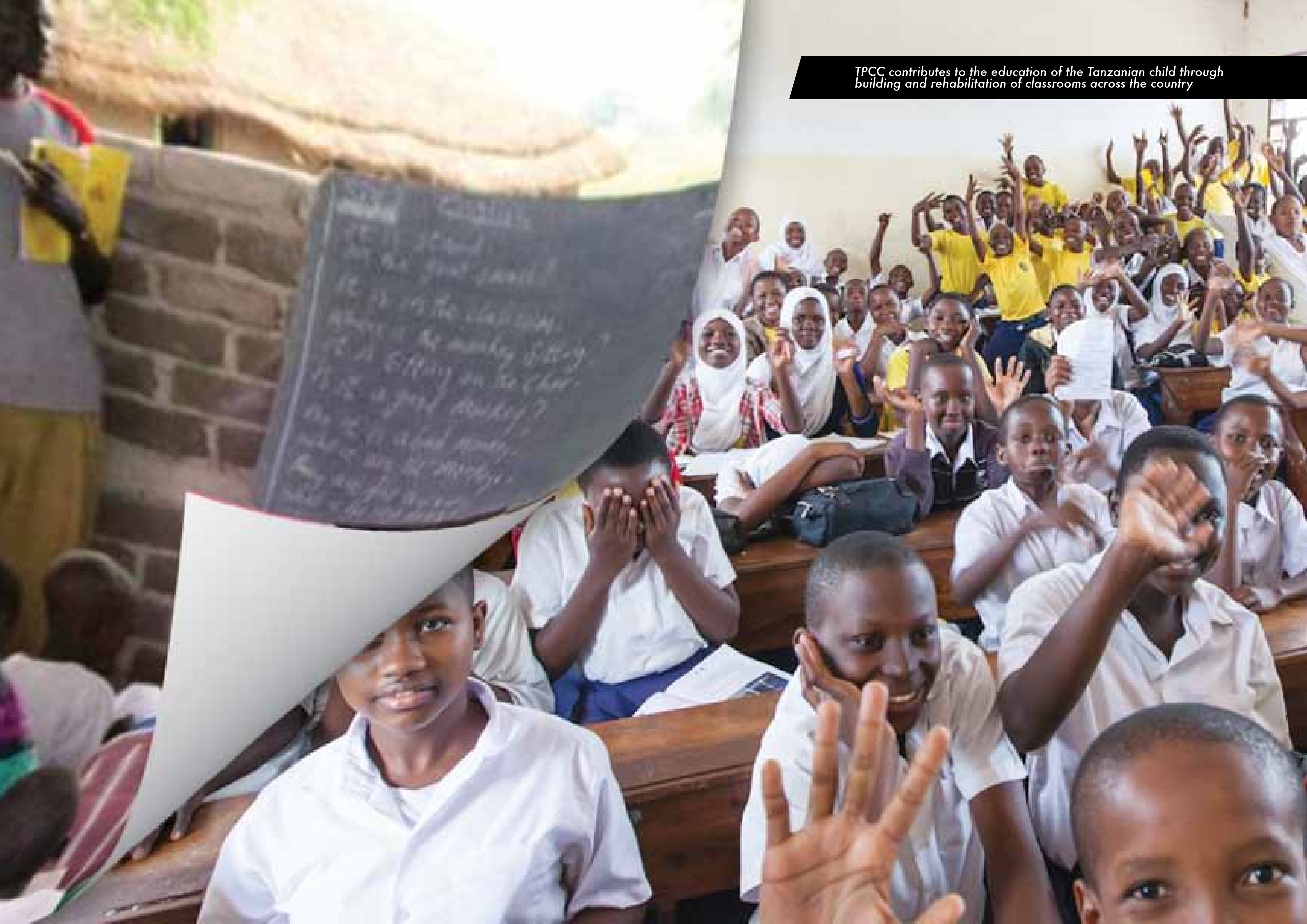
Kampuni inaendelea na msimamo wake katika kuhakikisha kuwa inakidhi vigezo vya uraia mwema kwa kuchukua hatua zote muhimu kuongeza ufanisi ikiweka mkazo katika maeneo ya afya na usalama, utunzaji wa mazingira, utawala bora, haki za binadamu na sera zisizo za kibaguzi.

Uhuishwaji wa vyeti ISO14001 na OHSAS 18001 ni uthibitisho dhahiri kuwa kampuni inaendelea vyema katika uraia mwema.

Kampuni inatoa mchango mkubwa kwa uchumi wa nchi na jamii kwa kulipa kodi stahiki, kuboresha teknolojia, uwekezaji, kuinua viwango vya biashara vya kimataifa, kutekeleza mipango mbalimbali ya maendeleo ya kijamii na kutekeleza shughuli yake kuu ya kuzalisha saruji kwa ujenzi wa nchi.

Hitimisho

Mwisho, ningependa kuwashukuru wakurugenzi wa bodi, uongozi wa Kampuni pamoja na wafanyakazi kwa kazi nzuri pamoja na changamoto zilizojitokeza mwaka 2013. Pia nawashukuru wateja wetu, wagavi na wadau wengine kwa kutuunga mkono mwaka 2013.



TPCC contributes to the education of the Tanzanian child through building and rehabilitation of classrooms across the country

Managing Director's Report

Introduction

2013 was a year of continuous challenges for TPCC. Rapid increase of imported cement bordering on unfair competition, created additional pressure on domestic prices that affected directly our overall sales volumes as well as our financial performance. On the edge of recovery, TPCC suffered an accidental fire on its main electricity transformer on 31st May 2013 which disrupted the production capacity for over four months. This accident created further sales deficit that was impossible to recover, even after the installation of extra diesel generators in July and finally a new transformer in the month of October. Overall, TPCC lost 10% in sales volume compared with the previous year and the Operating Profit was reduced by 46%. However, these challenges brought out the best of TPCC. We took advantage of the crises to work on improvement of operational excellence and reduction of operating cost in order to remain competitive and maintain a strong leadership position that should yield results in 2014.

Sales

The construction sector, driven by the public infrastructure projects and private housing development, grew by over 7% in 2013, in line with the GDP growth of Tanzania. For the first time the Tanzanian market reached the 3 million Mt milestone, including the consolidation of new competitors and the stronger presence of imported cement in the Dar es Salaam area. Cement imports hit a high market share of 15% in 2013, taking 100% of the Zanzibar market. In order to counter the penetration of this under-priced cement, TPCC designed a strategy to supply the market with the best quality-price relation by changing its product mix, introducing "Twiga Plus" which quickly became the preferred cement for block makers and general customers.

TPCC continued its transition from commodity-oriented to a mature market approach, focusing on a more proactive commercial strategy having quality and service solutions as the main market values. Focus on customer needs and satisfaction has also translated in tailor-made delivery solutions and

enhanced customer technical support. TPCC also started a vertical integration market development with the investment of over TZS 5 billion in a state of the art aggregate plant that will provide high quality aggregate solution for the professional customers segment.

Operations

The accidental fire on our main transformer disrupted our cement operation especially during Q3 2013, but enabled TPCC to perform internal operational audit in order to gain competitiveness for the future. The creation of an independent mines department reporting directly to the Plant Manager as an answer to the higher quality requirements, has also been one of the major milestones in a year full of challenges. Despite the lack of power supply due to the transformer fire, Kiln 4 achieved budgeted production. In the third quarter, Kiln3 production was finally stabilized after the rehabilitation investment carried out in 2012. The start-up of the construction of the new Cement Mill 5 will bring an additional cement capacity of 700,000 Mt in Q4 2014 and thus the total cement capacity of TPCC will be 2 million Mt. Cement Mill 5 project includes new environmentally friendly clinker storage, 7,000 Mt silo capacity and the possibility to produce three different types of cement to continue supplying the best solutions for the professional customers.

Financial Performance

With a reduction of 10% in sales volumes, TPCC Profit for the year was TZS 37.64 b compared with TZS 61.58 b in the previous year. The positive performance in the last months of the year has set the basis for a good year in 2014. TPCC has continued to create strong financial value for its shareholders and has maintained a solid financial position in 2013, proving to be ready to face any major challenges.

Corporate Citizenship

In 2013, TPCC continued with the Corporate Social Responsibility (CSR) programmes and renewed ISO 14001 and OHSAS 18001 certifications as part of the commitment on continuous improvement in line with our Health & Safety, Environmental and Sustainability Policies.

Different donations to hospitals, orphanages and schools marked TPCC's social program in 2013, with special mention to the traditional Christmas Party where 250 orphans of Dar-es-Salaam were hosted by the First Lady, Salma Kikwete.

In the field of environment, the Tree Nursery Project continued to be active with more than 100,000 trees having been grown for quarry reforestation as well as for donation to different NGO's and institutions like the Army and the Prisons. The tree nursery has also been utilized as training and educational centre for schools and other interested groups, creating a necessary awareness of the need of reforestation to fight climate change and erosion.

In collaboration with the German Cooperation (GIZ), TPCC has developed feasibility studies for installation of 5 Megawatts of solar energy in the quarry area that is being showcased as a ground breaking project in alternative energy in Tanzania. Final decision on this investment is still pending.

Future Ahead

Finally, I am confident that with the strong commitment from the Board of Directors, Management Team, TPCC staff, Shareholders, State authorities, Customers, Suppliers and all members of Twiga Cement family, in 2014 we will exceed our performance expectation and reinforce our position as leaders in the Tanzanian cement industry.

Taarifa ya Mkurugenzi Mwendeshaji

2013

Utangulizi
TPCC imepata changamoto nyingi katika mwaka 2013. Kuongezeka kwa saruji inayoingizwa kutoka nje ya nchi na ushindani usio linganifu, kumesababisha shinikizo katika bei ya saruji ambalo limeathiri moja kwa moja usambazaji wa saruji kwa wateja na utendaji wetu kifedha. Tukiwa tumekaribia kujikwamua kutoka kwenye changamoto ya ushindani wa bei, transfoma kuu ya Kiwanda iliwaka moto mnamo tarehe 31 Mei 2013 na kuathiri shughuli za uzalishaji kwa takribani miezi 4. Ajali hii ilisababisha kupungua zaidi kwa mauzo kiasi kwamba haikuwezekana kufidia licha ya kukodisha mitambo ya kufua umeme mwezi Julai na kuzindua transfoma mpya mwezi Oktoba 2013. Kwa ujumla usambazaji ulishuka kwa 10% ukilinganisha na mwaka uliopita na faida ya uendeshaji ilishuka kwa 46%. Hata hivyo changamoto hizi zilikuwa na matokeo chanya kwa TPCC kwani tulitumia matatizo hayo kuboresha utendaji wa kazi na kupunguza gharama za uzalishaji ili kuhimili ushindani na kuendelea kushika uongozi, hatua ambazo zitaleta matokeo mazuri mwaka 2014.

Mauzo
Sekta ya ujenzi, ikiongozwa na miradi ya miundo mbinu ya uma na uendelezaji wa makazi ilikua kwa zaidi ya 7% mwaka 2013, ikiwa sawa na ukuaji wa pato la taifa. Kwa mara ya kwanza soko la Tanzania lilifikia tani milioni 3. Hii imejumuisha kujiimarisha kwa viwanda vipya na ongezeko la saruji kutoka nje kwenye soko la Dar es Salaam. Soko la saruji kutoka nje lilifikia 15% ya soko la Tanzania Bara na 100% ya soko la Zanzibar kwa mwaka 2013. Ili kukabiliana na uingizaji wa saruji ya bei ya chini, TPCC ilibuni mkakati wa kusambaza saruji yenye uwiano mzuri wa ubora na bei kwa kubadilisha mchanganyiko wa bidhaa na kuingiza bidhaa mpya "Twiga Plus" ambayo ilikubalika haraka kwa watengenezaji matofali na wateja wengine.

TPCC iko katika kipindi cha mpito kutoka kwenye mtazamo wa kibidhaa na kujikita zaidi na mikakati makini ya kibiashara yenye mtazamo wa ubora na huduma kama tunu za soko. Kulenga mahitaji ya wateja na kuwaridhisha kumetufanya tubuni namna bora ya kusambaza bidhaa kwa wateja na maelekezo ya namna ya kutumia bidhaa hizo. TPCC iliongeza mchepuo mwingine wa biashara kwa kuwekeza zaidi ya TZS 5 bilioni katika mtambo wa kisasa wa kutengeneza kokoto ambao utazalisha kokoto za ubora wa juu kwa ajili ya wateja.

Uendeshaji
Ajali ya moto kwenye transfoma kuu iliathiri uzalishaji wa saruji hasa katika robo ya tatu ya mwaka 2013 na kuilazimu TPCC kufanya tathimini kwa ajili ya kuiwezesha kuongeza uwezo wa ushindani kwa siku zijazo. Kuhamishwa kwa idara ya machimbo ambayo inawajibika kwa meneja wa mitambo ili kukidhi mahitaji ya ubora pia ni hatua muhimu iliyofikiwa mwaka huu. Licha ya matatizo ya umeme tanuru namba 4 lilifikia malengo ya uzalishaji. Katika robo ya tatu ya mwaka uzalishaji wa tanuru namba 3 uliimarika baada ya uwekezaji uliofanyika mwaka 2012. Kuanza kwa ujenzi wa Kinu namba 5 kutaongeza uzalishaji wa tani 700,000 za saruji katika robo ya 4 ya mwaka 2014 na hivyo kufanya uwezo wa kampuni kufikia tani milioni 2. Mradi wa kinu namba 5 unajumuisha ghala ya kuhifadhi klinka ambalo halitakuwa na athari za uchafuzi wa mazingira, ghala la kuhifadhi tani 7,000 za saruji na uwezekano wa kuzalisha aina tatu za saruji ili kukidhi mahitaji ya wateja.

Ufanisi Kifedha
Kutokana na kushuka kwa 10% ya usambazaji wa saruji, TPCC ilipata faida ya TZS 37.64 bilioni ukilinganisha na TZS 61.58 bilioni kwa mwaka uliopita. Utendaji mzuri katika miezi ya mwisho ya mwaka 2013 umetoa mwelekeo mzuri wa mwaka 2014. TPCC imeendelea kuongeza thamani kwa wanahisa wake na kudumisha ufanisi kifedha kwa mwaka 2013 na kuonyesha utayari wa kukabiliana na changamoto zozote kubwa.

Uraia Mwema
Mwaka 2013, TPCC iliendelea na wajibu wake wa uraia mwema na kuhuisha ithibati za ISO 14001 na OHSAS 18001 kama sehemu ya dhamira yake ya kuendeleza maboresho kulingana na sera zetu za afya na usalama, mazingira na kwa uendelevu.

Misaada mbalimbali kwa hospitali, vituo vya yatima na mashule zilikamilisha mipango ya kijamii ya TPCC kwa mwaka 2013 ikiwa pamoja na tafrija ya kawaida wakati wa mwisho wa mwaka ambapo watoto yatima 250 wa Dar es Salaam walikaribishwa na mke wa Rais Mama Salma Kikwete.

Katika nyanja ya mazingira mradi wa kitalu cha miche ya miti bado unaendelea, zaidi ya miti 100,000 imepandwa na mingine kugawiwa kwa asasi mbalimbali zisizo za kiserikali na taasisi kama jeshi na magereza. Pia kitalu cha miche ya miti hutumika kutoa mafunzo kwa mashule na makundi mengine ili kuwaelimisha umuhimu wa kupanda miti kukabiliana na athari za mabadiliko ya tabia nchi na mmomonyoko wa ardhi.

Kwa kushirikiana na Asasi ya Ujerumani (GIZ), TPCC imeandaa upembuzi yakinifu kwa ajili ya ujenzi wa kituo cha kuzalisha megawati 5 za umeme wa nishati ya jua katika eneo la machimbo, mradi huu utakuwa kielelezo cha miradi ya nishati mbadala kwa Tanzania. Uamuzi wa mwisho kuhusu uwekezaji huu bado unasubiriwa.

Hitimisho
Ninaamini kuwa ushirikiano wa dhati kutoka kwa Bodi ya Wakurugenzi, timu ya uongozi wa Kampuni, wafanyakazi wa TPCC, wanahisa, mamlaka za nchi, wateja, wagavi na familia ya Twiga, tunategemea kuvuka matarajio yetu na kuimarisha nafasi yetu kama kiongozi katika soko la saruji Tanzania kwa mwaka 2014.

Our source of wealth lies within the enviroment we live in. At TPCC, we aim at reducing enviromental degradation by rehabilating our quarries.

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

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

Mr. Joseph Rugumyamheto, Tanzanian
(M.A Stanford University, California, Degree of Economics and Management from the University of Dar es Salaam)
Mr Rugumyamheto has over thirty five years of experience in the public sector. He is currently an independent advisor and a director of various companies and Non-Governmental Organisations having served as the Permanent Secretary President's office, Public Service Management in the Government of Tanzania. He has also been a Director in various agencies

Directors' Biography

From Left to Right: **George Fumbuka, Gary Whitehead,Jean-Marc Junon, Alphonso Rodriguez, Arne- Jørg Selen alternate to Daniel Gauthier, Joseph Rugumyamheto**

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

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

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

Mr. Gauthier has 31 years of experience in the cement industry. He is a member of the Managing Board of the HeidelbergCement Group and CEO for the area of Benelux – Northern Europe – United Kingdom – Africa – Med-East, and Trading. He is the President and CEO of CBR S.A., President of the European Cement Research Association, President of Polytech Mons Alumni, Board Member of LVI (Carmeuse Group), Member of Cembureau Board and Member of the Committee of the Science Academy of Belgium for the Application of the Science. He is also Board Member of HeidelbergCement Northern Europe (Sweden), Akcansa (Turkey), and CCC (China)

Mr. Gary Whitehead, British
(FCCA)

Mr. Gary Whitehead worked with the Hanson Group for 15 years, joining the HeidelbergCement Group in 2007 when Hanson was acquired by HeidelbergCement AG. Gary worked within the United Kingdom business in various senior Finance roles before being appointed the Chief Finance Officer of the Turkish JV, Akcansa 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.

Directors’ Biography

Bw. Jean-Marc Junon, Mfaransa
(Shahada ya kwanza ya Sayansi katika Uhandisi Ujenzi)

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

Bw. Alfonso Rodriguez, Mhispania
(Shahada ya uzamili Usimamizi wa Biashara (MBA))
Bw. Alfonso Rodriguez aliteuliwa mwezi Novemba 2013 kuwa Mkurugenzi Mtendaji wa TPCC. Alijiunga CIMBENIN, kampuni tanzu ya HeildelbergCement mwaka 2011 akiwa na wadhifa wa Mkurugenzi Mtendaji. Kabla ya kujiunga na HeidelbergCement, Alfonso ana uzoefu wa muda mrefu katika sekta ya saruji na amewahi kufanya kazi katika nchi za Marekani, Hispania, China, Senegal, Misri na Gambia.

Bw. Joseph Rugumyamheto, Mtanzania
(Shahada ya Uchumi na Utawala ya Chuo Kikuu cha Dar es Salaam)
Bw. Rugumyamheto ana uzoefu wa miaka 35 katika utumishi wa umma na amewahi kushika nyadhifa Ukatibu Mkuu katika Ofisi ya Raisi, Utumishi wa Umma na Ukurugenzi katika taasisi mbalimbali. Bw. Rugumyamheto kwa sasa ni mshauri wa kujitegemea na pia ni mkurugenzi katika makampuni binafsi na asasi zisizo za kiserikali.

Bw. George Fumbuka, Mtanzania
(Shahada ya Uzamili katika Usimamizi wa Fedha ya Chuo Kikuu cha Strathclyde Business School, FCCA)
Tangu 1990 ni Mkurugenzi na Afisa Mkuu Mtendaji wa CORE Securities. Amewahi kufanya kazi TANESCO (1984-89), Coopers and Lybrand (1981-84), Bodi ya Biashara ya nje (1976-78) na Chuo cha Usimamizi wa Fedha (IFM) (1978-81. Ni Mjumbe wa Bodi za Swissport Tanzania Limited na ni Mkurugenzi katika bodi ya shule ya sekondari ya Eagles. Amesajiliwa katika Bodi ya Taifa ya Wahasibu na Wakaguzi katika ngazi ya mhasibu aliyethibitishwa kwenye hesabu za umma.

Bw. Daniel Gauthier, Mbelgiji
(Mhandisi Ujenzi – Madini, Digrii ya Uzamili katika Uongozi, Mhandisi Ujenzi)
Miaka 31 ya uzoefu katika nyadhifa mbalimbali kwenye sekta ya saruji. Ni mjumbe katika Bodi ya Utawala ya HeidelbergCement na Afisa Mkuu Mtendaji kwa kanda ya Ulaya Kaskazini, Benelux, Afrika, Med-East na HC Trading. Ni Rais na Afisa Mkuu Mtendaji wa CBR S.A, Raisi wa Chama cha Utafiti wa Saruji Ulaya, Rais wa Polytech Mons Alumni, Mjumbe wa Bodi ya LVI (Carmeuse Group), Mjumbe wa Bodi ya Cembureau na mjumbe wa kamati ya The Science Academy of Belgium for the Application of Science. Pia ni Mjumbe wa Bodi ya HeidelbergCement Ulaya Kaskazini (Sweden)Akcansa (Turkey na CCC (China).

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

2013

Wasifu wa Wakurugenzi

Key management personnel of the company

Directors' Report

The directors have the pleasure in submitting their report, together with the audited financial statements of the Company for the year ended 31 December 2013.

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

2. COMPANY'S VISION
To develop a strong identity, be the market leader and the first choice amongst cement consumers in Tanzania.

3. COMPANY'S MISSION
To satisfy customers by providing them with a high quality product and service at an affordable price.

4. QUALITY STATEMENT
We are satisfied only when our customers are satisfied. Tanzania Portland Cement Company Limited (TPCC) contributes to their satisfaction by supplying them with the products they want and need at prices they can afford. We strive to achieve customer satisfaction by ensuring that the quality of our products and services are continuously improved to meet our customers' expectations. It is the declared goal of every employee to continue to make TPCC and the brand "Twiga Cement" the recognised words for cement quality. This position allows us to achieve market leadership.

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

Name	Title	Nationality	Age	Qualification
Mr. Jean-Marc Junon	Chairman	French	57	BSc (Civil Eng)
Mr. Pascal Lesoinne	Director	Belgian	41	BSc (Mech. Eng) (resigned on 03/12/2013)
Mr. William Mlaki	Director	Tanzanian	66	BA (Hons) Econ, MSc (resigned on 03/05/2013)
Mr. George Fumbuka	Director	Tanzanian	60	MBA, FCCA (re-appointed on 03/05/2013)
Mr. Daniel Gauthier	Director	Belgian	56	BSc (Mining), MBA (Arne-Jørg Selen – Alternate to Daniel Gauthier)
Mr. Gary Whitehead	Director	British	44	FCCA
Mr. Joseph Rugumyamheto	Director	Tanzanian	67	BA (Econs & Mgt), MA (appointed on 03/05/2013)
Mr. Alfonso Rodriguez	Director	Spanish	44	MBA (appointed on 03/12/2013)

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

6. BOARD COMMITTEES

AUDIT COMMITTEE
The Audit Committee members who served during the year were:

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

7. DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

	Number of shares 2013	2012
Mr. Joseph Rugumyamheto	55,600	-
Mr. William Mlaki	-	71,411

8. DIRECTORS' REMUNERATION
The Company paid a total of TZS 73,636,000 (2012: TZS 65,332,000) for services rendered as directors of the Company and members of the Audit Committee.

9. KEY MANAGEMENT PERSONNEL OF THE COMPANY
The key management personnel who served the Company during the year ended 31 December 2013 were:

Name	Title
Pascal Lesoinne	Managing Director (Resigned on 1/11/2013)
Alfonso Rodriguez	Managing Director (Appointed on 1/11/2013)
Ignatius Asare	Director of Finance & Administration
Jayne Nyimbo-Taylor	Director of Human Resources
Ekwabi Majigo	Sales and Marketing Director
Tom Dijkstra	Plant Manager
Elieneza Amon	Internal Audit & Quality Assurance Manager
Evaritha Tenson	Procurement Manager
Richard Magoda	Environmental Manager
Alfred Anthony	Health & Safety Manager
Simon Delens	Business Development Manager - Aggregates
Stan Clevers	Project Manager – CM5 Project

10. REVIEW OF THE BUSINESS
The Company recorded a decrease in sales volume of 10% from 2012 to 2013. The turnover amounted to TZS 213.8 billion, a decrease of about 14% compared to 2012 (2012: turnover TZS 249.1 billion). Cement sales were significantly affected by transformer breakdown due to fire in May 2013 and influx of imported cement. On 31 May

2013

2013, the transformer feeding the new plant caught fire and therefore significantly affected the plant operations. The Company rented generators from July 2013 to October 2013 when a new transformer was installed.

As a result of the transformer fire, the Company incurred additional fuel costs in generating power and also imported clinker for cement production. The Company made a total operating profit of TZS 49.2 billion compared to TZS 91.2 billion in 2012, a decrease of 46%. Profit before taxation decreased from TZS 92.3 billion in 2012 to TZS 50.4 billion in 2013.

After the effect of income tax of TZS 12.8 billion (TZS 30.8 billion in 2012), the net profit came to TZS 37.6 billion (TZS 61.6 billion in 2012). Total comprehensive income amounted to TZS 34.6 billion (TZS 60.3 billion in 2012).

The operating result is shown on page 31 of this Annual Report.

11. FUTURE PROSPECTS OF THE COMPANY

The cement demand in Tanzania and in the East-African region has been growing steadily over the last years. Having invested in expanded capacity together with rehabilitation of the old clinker lines, the directors believe the Company is well placed to meet this growing demand.

Solar Power Plant Project

TPCC is currently analyzing the potential to build a 5MW photovoltaic power plant. The current need of TPCC is 20MW and will be 25MW when cement mill 5 will be up and running. The new PV plant would then come as an extra source of energy to compensate the extra requirement and the current fluctuation in power supply. The project is in the final stage of the analysis, the final decision and structure of the project will be taken by end of quarter two of 2014.

Major benefits for TPCC will be the stabilization of power and therefore of production. From an environmental point of view, we will have 20% of our total energy consumption coming from renewable sources. This project would be the biggest solar project in Tanzania. The study of this project is done in collaboration with GIZ (Deutsche Gesellschaft fur Internationale Zusammenarbeit).

Cement Mill Project

In 2013 the Company started investment in a new cement mill. The project is in progress and is on schedule. With this new expansion the Company will become the biggest cement producer in East Africa.

Aggregate Project

A new business line to produce aggregates (Twiga Aggregates) is expected to start in the second quarter of 2014.

12. SOLVENCY EVALUATION

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

13. ENVIRONMENTAL CONTROL PROGRAMME

Quarry Rehabilitation

In line with the Company's Environmental Policy in which there is a commitment to re-naturalise the quarry, TPCC embarked on a three year public/private partnership with GIZ to rehabilitate parts of the quarry that have previously been mined. Approximately 730,000 square metres are to be replanted. As at 31 December 2013, there were 50,941 seedlings in the nursery (2012: 48,469).

The total number of trees planted in the quarry by the end of December 2013 was 29,692 with a survival rate of 88% (2012: 13,282 with survival rate of 84%). The total number of trees donated to various stakeholders by the end of December 2013 was 19,596 (2012: 7,841).

This partnership also has a training component on the importance of conservation and rehabilitation for the surrounding communities in Dar es Salaam. Since the beginning of the project, TPCC has conducted eleven awareness raising events.

ISO 14001:2004 (Environmental Management System)

TPCC continues to maintain the ISO 14001 certification. A re-certification audit was carried out in February 2013 and was successful. The Company continues to strive to improve its Environmental Management Systems by keeping abreast with Environmental trends, and closing off all corrective action requests within the specified time.

Emissions Monitoring

Emissions monitoring took place in August 2013 for all operating kilns. The results for dust and gases for two operating kilns were in full compliance with Tanzania National Standards and in line with IFC/World Bank standards for dust emissions.

All cement industries with old process lines containing Low Efficiency Electrostatic Filters (ESP's) in Tanzania were given up to December 2013 to ensure that full rehabilitation and upgrade take place to minimise emissions. The Company is planning to rehabilitate one of its old process lines (Kiln 2). The rehabilitation involves, among others, replacement of the old ESP's with modern and more efficient bag filters.

14. HEALTH AND SAFETY

At TPCC, occupational health and safety continues to be a top priority. Besides the continued improvement of technical and organizational safety standards within the Company, we intensified our efforts in 2013 to reinforce the awareness of all our employees, contractors and transport companies towards a safety culture.

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

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

15. MAJOR EVENTS

a. A new product (Twiga Plus + grade 42.5N) was launched in September 2013.
b. Transformer breakdown due to fire on 31 May 2013 was replaced in mid- October 2013.
c. Construction of new cement mill (CM5) started in 2013, it is expected to be completed in the fourth quarter of 2014.
d. Quarry sites for Twiga Aggregates operations were located and the Aggregate business line is expected to start by second quarter of 2014.
e. After the Company in October 2006 won the case brought against 933 trespassers occupying the Company's land, the appeal process was concluded in 2010 in favour of the Company. The Company in collaboration with the Government is working towards the eviction of trespassers and repossessing the land. Necessary expansion of the quarry operation will take place after all the due processes are completed.
f. The Tanzania Revenue Authority (TRA) issued additional tax assessments covering 2004 to 2006 to compensate for alleged incorrect transfer pricing practices and Value Added Tax (VAT). The additional assessments amounted to about TZS 9bn (transfer pricing of TZS 6.7bn; VAT of TZS 2.3bn). In 2012 the TRA revised its assessment on transfer pricing to TZS 0.5bn and VAT to TZS 1.2bn. In 2013 the Company agreed to pay the VAT liability of TZS 1.2bn. However, the Company has filed objections to the revised assessment on transfer pricing. The objection is still pending with TRA.
g. Contrary to earlier commitment, the Government completely removed the suspended duty on imported cement in July 2008, leaving the Tanzanian cement manufacturers vulnerable to imported cement at dumping prices. The policy communicated by the Government to the Company before it decided to invest in the expansion project was that the suspended duty would only be gradually reduced (by 5 percentage points per year) down to 25% in 2010 and would remain unchanged thereafter. As a consequence of the government's decision, imported cement continued to pose a challenge to local manufacturers.

16. EMPLOYEE WELFARE

a. Relationship between management and employees

There was continued good relationship between employees and management for the year ended 31 December 2013. There were no unresolved complaints received by management from employees during the year. A healthy relationship continues to exist between management and the Trade Union. A voluntary agreement entered into between the Tanzania Union of Industrial and Commercial Workers (TUICO) and the Company governs the relationship between management and employees. Negotiations for the current agreement were completed in the December 2012 and the agreement covers the period 1 January 2013 to 31 December 2014.

b. Staff strength and gender parity

The Company had 341 employees, out of which 36 were female and 305 were male (2012: Total 358; female 35 and male 323).

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.

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 we 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.
The motivation and skills of our managers play a crucial role in determining how well the Company positions itself and how well-prepared the Company is for future challenges. In order to prepare our managers for their future tasks, we offered training programmes tailored specifically to the needs of our Company. Some employees participated in the Group's "Talent Training" to develop them to take over additional responsibilities. The Group also initiated a strategic training programme to further develop senior managers in close cooperation with Duke Corporate Education. Some senior managers from TPCC were part of the 160 senior managers from 30 countries who took part in the three-stage curriculum focusing on general management and leadership. Other TPCC management staff will continue to participate in the training programme which will be completed by 2015.

f. Emoluments

Salary levels are adjusted annually within the Company's means after negotiations between TUICO and management. The 2013 salary increments were agreed in December 2012 (the 2012 increment were agreed in December 2011). During the year under review, all employees under contract had income levels of TZS 7.0 million per annum or more.

g. Employee benefits

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

h. Equal opportunities & Disabled persons

The Company is an equal opportunity employer. It gives access to employment opportunities and ensures that the best available person is appointed to any given position free of discrimination

of any kind and without regard to gender, marital status, tribe and religion.

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

17. CORPORATE GOVERNANCE

a. Code of Corporate Practice and Conduct

Tanzania Portland Cement Company Limited is committed to the principles of effective corporate governance and the Board is of the opinion that the Company complies with principles of good Corporate Governance as required by the Stock Exchange Regulation**.**

b. The Board of Directors

The Board currently comprises six directors; five non-executive directors and the Managing Director. The roles of Chairman and Managing Director are separate. The Board is responsible to shareholders for the overall management of the Company, for setting strategy and policies, monitoring of operational performance, risk management processes and setting of authority levels. The Board met 3 times in 2013 (2012: 3 times)

c. The Audit Committee

The Board is assisted in the discharge of its responsibilities related to financial reporting, compliance, risk management, accounting and management information systems by the Audit Committee. The Audit Committee is chaired by one of the non-executive directors. Meetings are held throughout the year and are attended by senior management and the Company's auditors where necessary. The Audit Committee met 3 times in 2013 (2012: 3 times).

d. Performance evaluation and reward

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

e. Risk management and internal control

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

f. Business ethics and organizational integrity

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

g. Management reporting, financial reporting and auditing

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

18. RISKS 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:

- 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 Company's assets and financial position for the year ended 31 December 2013 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. Towards the end of 2013 TANESCO put forward the proposal to Energy and Water Utilities Regulatory Authority (EWURA) for tariff increase. To ensure reliability and quality of power supply, the Company is planning to invest in the alternative sources of energy.

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

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

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

Financial risks
The significant financial risk is currency risk. The Company's functional currency (TZS) is exposed to fluctuation in 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 risks are included in note 38 to the Annual Report.

19. KEY STRENGTHS AND RESOURCES
In pursuit of our objectives, the key strengths and resources (both intangible and tangible) available to the Company are:

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

Strong Brand and Quality Products
Twiga Cement is a well-known cement brand in the market and synonymous with high quality. The brand and quality of our products give us competitive advantage in the market. To meet the quality demand of the market, the Company produces OPC 42.5N for the professional market in construction of bridges, high rise buildings.

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 Sub-Region.

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

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

Technology and Machinery
The Company will continue to invest in modern technology; this includes the current expansion on cement mills production capacity, the Lab and MCC.

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

20. POLITICAL AND CHARITABLE DONATIONS
During the year under review, the Company made donations and other contributions of a charitable nature valued at about TZS 53 million (2012: TZS 39 million). There were no political donations.

Besides the donations, the Company has also been involved in Corporate Social Responsibility, targeting education and children. The total contributions were TZS 301 million (2012: TZS 120 million).

21. DIVIDENDS
The directors recommend payment of TZS 35.09 billion (TZS 195 per share) to shareholders as final dividend for 2013 (The total dividend for 2012: TZS 33.29 billion (TZS 185 per share including TZS 24.29 billion final dividend of TZS 135 per share)) . There was no interim dividend in 2013 (2012: TZS 8.99 billion (TZS 50 per share) paid in October 2012). In making this proposal the directors have taken into account the financial situation of the Company and its future needs for implementing replacement and im-provement projects. The proposed dividend is an increase of 5.4% (2012: increase of 2.9%) compared to last year's dividend and represents 93.2% (2012: 54%) of the net profit after tax for the year.

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

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

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

24. SHARE CAPITAL

The total issued share capital of the Company amounts to 179,923,100 ordinary shares (2012: 179,923,100 ordinary shares). There is no change in the issued share capital.

The shareholding of the Company as at 31 December 2013 is as stated below:

Name	2013 % shareholding	2012 % shareholding
Scancem International DA	69.25	69.25
General Public	29.99	29.92
Wazo Hill Saving and Credit Cooperative Society	0.76	0.83
	100.0	100.0

25. ACCOUNTING POLICIES

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

26. SHAREHOLDERS OF THE COMPANY

The total number of shareholders during the year 2013 was 9,482 shareholders (2012: 9,623 shareholders). The following were the ten largest shareholders of the Company:

Name	Nationality	2013 % of shareholding	2012 % of shareholding
Scancem International DA	Norwegian	69.25	69.25
Parastatal Pension Fund	Tanzanian	5.42	4.25
Public Service Pension Fund	Tanzanian	2.69	2.87
SCBT nominees SCB Consumer Banking	Tanzanian	2.02	2.69
Aunali F. Rajabali	Tanzanian	1.35	2.37
National Social Security Fund	Tanzanian	1.24	1.02
Sajjad F. Rajabali	Tanzanian	1.22	0.83
Murtaza Basheer Nasser	Tanzanian	0.89	0.83
Umoja Unit Trust Scheme	Tanzanian	0.76	0.61
Wazo Hill Saving and Credit Cooperative Society	Tanzanian	0.76	0.83

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 shares of the Company were continuously traded in the secondary market through auctions organised by Dar es Salaam Stock Exchange (DSE). In the year 2013 the performance of the Company's shares in the secondary market was as follows: Market capitalisation as at 31 December 2013 was TZS 478.6 billion (2012: TZS 467.8 billion). Share price prevailing as at 31 December 2013 was TZS 2,660 per share, up from TZS 2,600 one year earlier (IPO price TZS 435 per share).

28. AUDITORS

Ernst & Young were the Company's auditors for the year 2013. They have expressed their willingness to continue as auditors and are eligible for reappointment. A resolution proposing the re-appointment of Ernst & Young as auditors of the Company for year 2014 will be put to the Annual General Meeting.

By Order of the Board

Name: Joseph Rugumyamheto
Title: Director

Name: George Fumbuka
Title: Director

Date: 20th March 2014

Wakurugenzi wanayo furaha kuwasilisha taarifa yao pamoja na hesabu zilizokaguliwa kwa mwaka ulioishia 31 Desemba 2013

1. SHUGHULI KUU
Shughuli kuu ya kampuni ni uzalishaji na uuzaji wa saruji.

2. MAONO YA KAMPUNI
Kujenga Chapa Imara, kuwa kiongozi 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. SERA YA UBORA
Tunaridhika pale wateja wetu wanaporidhika. Kampuni ya Saruji Tanzania (TPCC) inaridhisha wateja wake kwa kuwapa bidhaa wanazohitaji kwa gharama nafuu. Tunajitahidi kufikia matarajio ya wateja wetu kwa kuhakikisha ubora wa bidhaa na huduma zetu unaboreshwa mara kwa mara. Ni azma ya kila mfanyakazi kuifanya TPCC na chapa "Twiga Cement" jina maarufu kwa saruji bora. Fursa hii inaturuhusu kufikia uongozi katika soko.

5. WAKURUGENZI
Wajumbe wa Bodi ya Wakurugenzi wakati huu ambao wamekuwa wajumbe katika kipindi chote cha mwaka 2013 isipokuwa inapoonyeshwa vinginevyo ni hawa:

Name	Title	Nationality	Age	Qualification
Mr. Jean-Marc Junon	Mwenyekiti	Mfaransa	57	BSc (Civil Eng)
Mr. Pascal Lesoinne	Mkurugenzi	Mbelgiji	41	BSc (Mech. Eng) (resigned on 03/12/2013)
Mr. William Mlaki	Mkurugenzi	Mtanzania	66	BA (Hons) Econ, MSc (Kujiuzulu 03/05/2013)
Bw. George Fumbuka	Mkurugenzi	Mtanzania	66	MBA, FCCA (Kuteuliwa tena 03/05/2013)
Mr. Daniel Gauthier	Mkurugenzi	Mbelgiji	56	BSc (Mining), MBA (Arne-Jørg Selen – Mbadala wa Daniel Gauthier)
Mr. Gary Whitehead	Mkurugenzi	Mwingereza	44	FCCA
Mr. Joseph Rugumyamheto	Mkurugenzi	Mtanzania	67	BA (Econs & Mgt), MA (aliteuliwa 03/05/2013)
Mr. Alfonso Rodriguez	Mkurugenzi	Mhispania	44	MBA (Aliteuliwa 03/12/2013)

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

6. KAMATI ZA BODI

KAMATI YA UKAGUZI
Wajumbe wa Kamati ya Ukaguzi walioitumikia Kampuni katika mwaka huu wa fedha walikuwa:

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

7. WAKURUGENZI WANAHISA

	Idadi ya Hisa 2013	2012
Mr. Joseph Rugumyamheto	55,600	-
Mr. William Mlaki	-	71,411

8. MALIPO KWA WAKURUGENZI
Kampuni ililipa jumla ya TZS 73,636,000 (2012: TZS 65,332,000) kwa huduma zilizotolewa na Wakurugenzi na wajumbe wa Kamati ya Ukaguzi.

9. UONGOZI WA KAMPUNI
Safu ya Uongozi wa Kampuni kwa mwaka ulioishia 31 Desemba 2013 ilikuwa kama ifuatavyo:

Jina	Cheo
Pascal Lesoinne	Mkurugenzi Mwendeshaji (kujiuzulu 01/11/2013)
Alfonso Rodriguez	Mkurugenzi Mwendeshaji (Kuteuliwa 01/11/2013)
Ignatius Asare	Mkurugenzi Fedha na Utawala
Jayne Nyimbo-Taylor	Mkurugenzi Rasilimali Watu
Ekwabi Majigo	Mkurugenzi Mauzo na Masoko
Tom Dijkstra	Meneja Mitambo
Elieneza Amon	Meneja Ukaguzi na Ubora
Evaritha Tenson	Meneja Manunuzi
Richard Magoda	Meneja Mazingira
Alfred Anthony	Meneja Afya na Usalama
Simon Delens	Meneja Maboresho ya Biashara - Kokoto
Stan Clevers	Meneja Mradi – Mradi wa CM5

10. TATHMINI YA BIASHARA
Usambazaji kwa mwaka 2013 ulishuka kwa 10% ikilinganishwa na mwaka 2012. Mauzo yalishuka kwa asilimia 14 kufikia TZS 213.8 bilioni (2012: TZS 249.1 bilioni). Kushuka kwa mauzo ya saruji kulichangiwa na kuharibika kwa transifoma iliyoshika moto mwezi Mei 2013 na uingizwaji wa saruji kutoka nje ya nchi. Mnamo 31 Mei 2013, transifoma inayotoa umeme kwenda

kwenye mitambo mipya ilishika moto na hivyo kuathiri shughuli za mitambo hiyo. Kampuni ilibidi kukodi mitambo ya kufua umeme (generators) kuanzia mwezi Julai 2013 mpaka Oktoba 2013 ilipozinduliwa transfoma mpya.
Kutokana na kuungua kwa transfoma, Kampuni iliingia gharama za ziada za kuzalisha umeme na pia iliagiza klinka kwa ajili ya kuzalisha saruji. Kampuni ilipata faida ya undeshaji ya TZS 49.2 bilioni ikilinganishwa na TZS 91.2 bilioni mwaka 2012 ikiwa imepungua kwa 46%. Faida kabla ya kodi ilipungua kutoka TZS 92.3 bilioni mwaka 2012 hadi kufikia TZS 50.4 bilioni mwaka 2013. Baada ya kukokotoa kodi kiasi cha TZS 12.8 bilion (2012: TZS 30.8 bilioni) faida iliyobaki ilikuwa TZS 37.6 bilioni (2012: 61.6 bilioni). Jumla kuu ya mapato ilifikia TZS 34.6 bilioni (2012: TZS60.3 bilioni)

Hali halisi ya mwenendo wa kibiashara unaoneshwa katika ukurasa wa 31 wa Ripoti ya mwaka.

11. MATARAJIO YA KAMPUNI KWA SIKU ZIJAZO

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

Mradi wa Mtambo wa kuzalisha umeme wa jua

TPCC inatathmini uwezekano wa kujenga mtambo wa kuzalisha nguvu ya umeme wa 5MW utokanao na jua. Mahitaji ya sasa ya Kampuni ni 20MW na zitafikia 25MW pindi kinu cha kusaga saruji namba 5 kitakapoanza kutumika. Mtambo huo utakuwa chanzo kingine cha umeme na utatumika kukidhi ongezeko hilo na mabadiliko ya mara kwa mara ya mgao wa nishati ya umeme. Mradi upo katika hatua za mwisho za uchambuzi yakinifu, uamuzi wa mwisho na mpangilio wa mradi utatolewa mwishoni mwa kipindi cha robo ya pili ya mwaka 2014.

Mradi huu utaimarisha ugavi wa nishati ya umeme kiwandani pamoja na uzalishaji wa saruji. Kwa upande wa mazingira, 20% ya matumizi yetu ya nishati yatatokana na nishati hii mbadala. Huu ni mradi mkubwa sana wa nishati ya jua hapa Tanzania. Utafiti wa mradi huu unafanywa kwa kushirikiana na Asasi ya Ujerumani (GIZ).

Mradi wa kinu cha kusaga saruji

Mwaka 2013 kampuni ilianza kuwekeza kwenye kinu kipya cha kusaga saruji. Mradi huu bado unaendelea kama ilivyopangwa. Kwa upanuzi huu kampuni itakuwa mzalishaji mkubwa zaidi wa saruji Afrika Mashariki.

Mradi wa kokoto

Biashara mpya ya kuzalisha kokoto (Twiga aggregates) inategemewa kuanza katika kipindi cha robo ya pili ya mwaka 2014.

12. 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 2002, na kanuni za kimataifa za uhasibu (IFRS)

13. MPANGO WA UDHIBITI WA MAZINGIRAA

Uboreshaji wa Machimbo

Kulingana na Sera ya Mazingira ya Kampuni ambayo imedhamiria kurejesha uoto wa asili na kuboresha mandhari katika eneo la machimbo. Kampuni imeanza utekelezaji wa Mradi wa Ukarabati wa Machimbo kwa mkataba wa ushirikiano wa miaka mitatu na Asasi ya Ujerumani (GIZ), kukarabati sehemu za machimbo zilizokwishachimbwa mawe. Takribani mita za mraba 730,000 zinatarajiwa kupandwa miti. Hadi tarehe 31 Desemba 2013 kitalu kilikuwa na miche 50,941 (2012: 48,469). Mwaka 2013 miche 29,692 yenye uwezekano wa kuishi wa 88% (2012: miche 13,282 yenye uwezekano wa kuishi wa 84%) ilipandwa. Miche iliyosambazwa kwa wadau mbalimbali hadi kufikia mwishoni mwa Desemba 2013 ilikua 19,596 (2012: 7,841).

Ushirikiano huo pia una sehemu ya mafunzo ya uhifadhi wa mazingira na ukarabati wa machimbo ya mawe kwa jamii inayotuzunguka jijini Dar es Salaam. Tangu mradi huu uanze kampuni imeendesha matukio 11 ya kuongeza uelewa wa mazingira.

ISO 14001:2004 (Mfumo wa Udhibiti Mazingira)

TPCC imeendelea kuzingatia masharti ya kiwango cha kimataifa cha ubora wa mazingira ISO 14001 na ukaguzi kwa mujibu wa masharti ya kiwango ulifanyika mwezi February 2013 na ulikuwa wa mafanikio. Kampuni inaendelea kuboresha mfumo wake wa uhifadhi wa mazingira kwa kwenda sambamba na maendeleo ya uhifadhi mazingira na kufunga dosari zote zilizoibuliwa na wakaguzi kwa wakati.

Upimaji wa Uchafuzi wa Hewa

Upimaji wa kiwango cha uchafuzi ulifanyika mwezi wa Agosti 2013 kwa matanuru yote yanayozalisha. Matokeo yananesha kwamba matanuru mawili yaliyokuwa yanafanya kazi yanakidhi viwango vilivyowekwa kitaifa na pia vile vya IFC/Benki ya Dunia kwa uchafuzi wa hewa.

Viwanda vyote vya saruji Tanzania vinavyotumia machujio ya zamani ya teknolojia ya ESP yenye ufanisi mdogo wa kupunguza uchafuzi wa hewa vimetakiwa kufanya ukarabati na uboreshaji ili kuhakikisha vinapunguza uchafuzi kufkia viwango vinavyokubalika ifikapo Desemba 2013. Kampuni iko katika mchakato wa kufanya ukarabati na maboresho katika moja ya mitambo yake ya zamani (tanuru namba 2). Ukarabati utajumuisha, pamoja na mambo mengine kubadilisha machujio ya zamani (ESPs) na kuweka machujio ya kisasa (Bag filters).

14. AFYA NA USALAMA

Kwa TPCC, afya na usalama vinaendelea kupewa kipaumbele. Pamoja na uboreshaji endelevu wa viwango vya usalama kwenye kampuni, tumeongeza nguvu zaidi mwaka 2013 kuimarisha uelewa kwa wafanyakazi wote, makandarasi na kampuni za usafirishaji juu ya kuwa na utamaduni wa usalama. Kampuni inatekeleza mfumo wa kuratibu masuala ya afya na usalama mahali pa kazi (OHSAS) kama se-hemu ya mkakati wa kudhibiti vihatarishi na ina cheti cha kiwango cha OHSAS 18001:2007. Mfumo wa utaratibu wa menejimenti ya kazi unaoendana na kiwango cha kimataifa cha OHSAS 18001, unaihitaji mpango madhubuti, sheria bora za kazi, majukumu na udhibiti ili kuhakikisha maboresho endelevu.

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

15. MATUKIO MUHIMU

a. Bidhaa mpya (Twiga Plus + grade 42.5N) ilizinduliwa mwezi Septemba 2013.
b. Kuharibika kwa transifoma kulikosababishwa na moto mnamo 31 Mei 2013.
c. Ujenzi wa kinu kipya cha kusaga saruji (CM5) ulioanza 2013, unategemewa kukamilika katika robo ya mwisho ya mwaka 2014.
d. Maeneo ya kuchimba kokoto (Twiga aggregates) yalipatikana na biashara hii inategemewa kuanza kipindi cha robo ya pili ya mwaka 2014.
e. Baada ya kampuni kushinda kesi dhidi ya wavamizi 933 wa eneo lake Mwezi Oktoba 2006, mchakato wa rufaa ulihitimishwa mwaka 2010 na Kampuni kupata ushindi. Hatua za kuwaondoa wavamizi hao na kurejesha maeneo waliyovamia zinaendelezwa na Kampuni ikishirikiana na Serikali. Uendelezaji muhimu wa shughuli za machimbo utafanyika mara baada ya kukamilisha michakato yote muhimu.
f. Mamlaka ya Mapato Tanzania (TRA) iliitoza kampuni kodi ya ziada kwa mwaka 2004 mpaka 2006 kwa kile walichokiita utekelezaji usio sahihi wa uhamishaji bei (transfer pricing) na kodi ya ongozeko la thamani (VAT). Ongezeko la kodi kutokana na hatua hiyo ni takribani TZS bilioni 9 (Uhamishaji bei TZS 6.7 bilioni; Kodi ya ongezeko la thamani TZS 2.3 bilioni). Mwaka 2012 TRA ilipitia ukaguzi wake na kubaini mabadiliko ambayo yalipelekea uhamishaji bei kuwa TZS 0.5 bilioni na VAT kuwa TZS 1.2 bilioni. Mwaka 2013 kampuni ilikubali kulipa kodi ya ongezeko la thamani la TZS 1.2 bilioni. Hata hivyo kampuni imeweka pingamizi kwenye ukaguzi mbadala wa uhamishaji bei. Pingamizi bado linashughulikiwa katika ngazi ya TRA.
g. Mwezi Julai, 2008 serikali iliondoa kabisa ushuru wa ziada kwa saruji inayoagizwa toka nje kinyume na ahadi zake za awali, hivyo kuwaacha wazalishaji saruji nchini na tishio la saruji inayoagizwa nje kwa bei ya kutupa. Sera iliyotamkwa na Serikali kwa kampuni kabla ya kuamua kuwekeza kwenye mradi wa upanuzi ilikuwa kwamba ushuru wa ziada ungepunguzwa kidogo kidogo (kwa asilimia 5 kwa mwaka) hadi kufikia asilimia 25 mwaka 2010 na kwamba haingebadilika tena baada ya hapo. Kutokana na uamuzi huo wa Serikali, saruji toka nje imendelea kuleta changamoto kwa wazalishaji wa ndani.

16. USTAWI WA WAFANYAKAZI

a. Uhusiano kati ya Uongozi na Wafanyakazi

Uhusiano kati ya wafanyakazi na uongozi uliendelea vizuri kwa mwaka ulioishia tarehe 31 Desemba 2013. Hapakuwa na malalamiko yoyote kutoka kwa wafanyakazi ambayo hayakutatuliwa mwaka huo. Uhusiano mzuri kati ya uongozi na chama cha wafanyakazi unaendelea. Uhusiano kati ya uongozi na wafanyakazi unasimamiwa na mkataba wa hiari baina ya Kampuni na Chama cha Wafanyakazi wa Viwanda na Biashara (TUICO). Majadiliano ya mkataba uliopo yalikamilika mwaka 2012 na mkataba huo ni kwa kipindi cha miaka miwili kuanzia tarehe 1 januari, 2013 hadi 31 Desemba, 2014.

b. Idadi ya wafanyakazi na Uwiano wa kijinsia

Kampuni ilikuwa na jumla ya wafanyakazi 341, wanawake 36 na wanaume 305 (2012: Jumla 358; wanawake 35 na wanaume 323).

c. Huduma ya Matibabu

Huduma za matibabu hutolewa bure kwa wafanyakazi na familia zao.

d. Usalama kiwandani

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

e. Mafunzo

Kampuni imewekeza katika kuendeleza wafanyakazi wake ikiwa pamoja na kuajiri na kutoa mafunzo kwa watu wenye sifa. Utaalamu wa kiufundi na utawala ni muhimu katika kuhakikisha usimamiaji wa shughuli za kiwanda kwa kutumia teknolojia sahihi. Mwaka huu tulielekeza nguvu zetu katika afya na usalama mahali pa kazi, kufuata miongozo ya kampuni mama, usimamiaji wa fedha, ubora na kuendeleza viongozi.

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

Motisha na ujuzi wa mameneja wa Kampuni ni muhimu sana na inawezesha Kampuni kujipanga na kujiandaa kukabiliana na changamoto zijazo. Ili kuwawezesha mameneja kukabiliana na majukumu yao, tumeandaa mafunzo maalum kukidhi mahitaji ya Kampuni. Baadhi ya wafanyakazi wanashiriki katika mafunzo ya vipaji (Talent training) yaliyoandaliwa na Kampuni mama ili kuwaandaa wafanyakazi kuchukua majukumu zaidi. Kampuni mama kwa kushirikiana na Duke Corporate Education

imeandaa mafunzo maalum kwa mameneja waandamizi ili kuwaongezea ujuzi wa kazi. Baadhi ya mameneja wa TPCC walijumuika katika kundi la mameneja 160 kutoka nchi 30 walioshiriki katika mtaala wa awamu tatu uliolenga utawala na uongozi. Wafanyakazi wengine wataendelea kushiriki katika hii program itakayomalizika mwaka 2015.

f. Mishahara

Viwango vya mishahara ya wafanyakazi hurekebishwa kila mwaka kwa kuzingatia uwezo wa kifedha baada ya majadiliano kati ya TUICO na uongozi wa Kampuni. Viwango vya mishahara ya mwaka 2013 vilikubaliwa mwezi Desemba 2012 (viwango vya mishahara vya 2012 vilikubaliwa mwezi Desemba 2011). Katika mwaka husika, wafanyakazi wote wa mikataba walikuwa na mishahara isiyopungua TZS 7.0 milioni kwa mwaka.

g. Mafao ya Wafanyakazi

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 mshahara kwa kila mwanachama wa PPF na 10% ya jumla ya mshahara 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 mshahara wa kila mfanyakazi.

h. 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.

17. UTAWALA BORA

a. Kanuni za utawala Bora

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

b. Bodi ya Wakurugenzi

Kwa sasa, Bodi ina wakurugenzi sita; watano wasio watendaji na Mkurugenzi Mtendaji. Kazi za Mwenyekiti na Mkurugenzi Mtendaji zimetenganishwa. Bodi inawajibika kwa wanahisa kwa uongozi wa jumla wa Kampuni, kuweka mikakati na sera, kufuatilia ufanisi wa uendeshaji, usimamizi wa maeneo hatarishi na kuweka ngazi za madaraka. katika mwaka huu wa fedha, Bodi ilikutana mara tatu (2012: mara tatu)

c. Kamati ya Ukaguzi

Katika kutekeleza majukumu yake kuhusiana na kutoa taarifa za fedha, utekelezaji wa matakwa mbalimbali, udhibiti wa maeneo hatarishi, mifumo ya kihasibu na mfumo wa usimamizi wa habari (MIS), Bodi inasaidiwa na Kamati ya Ukaguzi. Kamati hiyo inaongozwa na mmoja wa wakurugenzi wasio watendaji. Mikutano wa kamati inafanyika mara kadhaa na inahudhuriwa na viongozi waandamizi na wakaguzi wa mahesabu wa Kampuni inapobidi. Katika mwaka huu wa fedha, Kamati ya Ukaguzi ilikutana mara tatu (2012: 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 kitalaamu vinazingatiwa wakati wote. Kampuni imetayarisha miongozo ya maadili kwa wafanyakazi wake ili kupunguza madhara yatokanayo na ukiukwaji wake. Kampuni inafuata miongozo ya maadili ya biashara ya Kampuni Mama kwa hiyo kila mfanyakazi amesaini tamko la kukubaliana na miongozo hii.

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

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

18. UDHIBITI WA MAENEO HATARISHI

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

Hii itahakikisha:

- Rasilimali za Kampuni zinasimamiwa na kulindwa;
- Sheria na kanuni zilizowekwa zinafuatwa;
- Ubora wa kumbukumbu na nyaraka za kihasibu;
- 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 2013 yamegawanywa katika maeneo ya uendeshaji, masoko na mambo ya fedha kama ifuatavyo:

Maeneo ya hatarishi ya uendeshaji
Nishati ni muhimu sana katika uendeshaji wa shughuli za Kampuni. Kwa hiyo, upatikanaji na bei ya nishati vinaweza kuwa na athari kubwa kwa Kampuni. Kwa miaka yote Kampuni imekuwa ikitegemea nishati ya umeme kutoka katika Shirika la Ugavi wa Umeme Tanzania (TANESCO). Upatikanaji wa umeme huu kwa mara zote umekuwa wa kukatikakatika na hivyo kuifanya Kampuni kutofikia malengo yake ya uzalishaji. Kupanda kwa bei za nishati nako kunasababisha gharama za uzalishaji kuwa juu. Mwishoni mwa mwaka 2013, TANESCO iliwasilisha pendekezo la nyongeza ya bei ya nishati ya umeme kwa Tume ya Kusimamia Nishati na Maji (EWURA). Kutokana na athari hizo, Kampuni ina mpango wa kuwekeza katika nishati mbadala ili kuhakikisha kuwa kunakuwa na ugavi wa uhakika wa nishati ya umeme kukidhi mahitaji ya kiwanda.

Uzalishaji wa saruji huanzia katika machimbo ya mawe ya chokaa yanayomilikiwa na Kampuni. Upatikanaji wa machimbo ya mawe ya chokaa ni muhimu katika kuhakikisha shughuli za uzalishaji wa saruji unakuwa endelevu. Kampuni 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).

Maeneo ya hatarishi katika soko
Uingizwaji wa saruji kutoka nje ya nchi umeathiri kwa kiasi kikubwa wazalishaji wa ndani wa saruji. Kwa kupitia majukwaa husika Kampuni inapigania ushindani halali kwa wote.

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

Maeneo ya hatarishi katika masuala ya fedha
Athari kubwa kwa upande wa fedha zinaweza kuletwa na thamani ya sarafu. Kampuni hufanya biashara kutumia sarafu ya Tanzania ambayo thamani yake imekuwa ikishuka thamani 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 37 ya taarifa ya hesabu.

19. UWEZO NA RASILIMALI ZA KAMPUNI
Ili kufikia malengo yetu, Kampuni hutegemea rasilimali (zinazoonekana na zisizoonekana) kama ifuatavyo:

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

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

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

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

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

Teknolojia na mitambo

Kampuni itaendelea kuwekeza kwenye teknolojia ya kisasa ikiwa pamoja na mradi unaondelea wa kuongeza uwezo wa uzalishaji wa vinu vya kusaga saruji, maabara na sehemu maalum ya kuongozea mitambo (MCC).

Akiba ya chokaa bora

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

20. MISAADA

Mwaka huu, Kampuni ilitoa misaada na michango ya hisani yenye thamani ya TZS 53 milioni (2012: TZS 39 milioni). Hapakuwa na misaada ya kisiasa. Pamoja na misaada hiyo, Kampuni pia ilijihusisha na uraia mwema ikilenga maeneo ya elimu na watoto. Jumla ya TZS 301 milioni (2012: TZS 120 milioni) zilitumika.

21. GAWIO

Wakurugenzi wanapendekeza gawio la TZS 35.09 bilioni (TZS 195/hisa) (2012: TZS 33.29 (TZS 185 / hisa)) kwa wanahisa wake kama gawio la mwisho. Kampuni haikutoa gawio la awali kwa wanahisa wake kwa mwaka 2013. Pendekezo hili limezingatia hali ya fedha ya kampuni na mahitaji ya baadaye ya miradi ya uboreshaji. Kiwango kilichopendekezwa ni ongezeko la 5% (2012 ongezeko la 3%) juu ya gawio la mwaka jana na ni 93% (2012: asilimia 54) ya faida ya mwaka 2013

22. MATUKIO YA BAADAYE

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

23. SHUGHULI NA BIASHARA NA KAMPUNI ZENYE UHUSIANO

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

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

24. MTAJI WA HISA

Jumla ya mtaji wa hisa uliotolewa ni hisa za kawaida 179,923,100 (2012: hisa 179,923,100). Mtaji wa hisa haukubadilika

Mgawanyo wa hisa za Kampuni mnamo 31 Desemba 2013 ni kama ifuatavyo:

Jina	2013 %	2012 %
Scancem International DA	69.25	69.25
General Public	29.99	29.92
Wazo Hill Saving and Credit Cooperative Society	0.76	0.83
	100.00	100.00

25. SERA ZA UHASIBU

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

26. WANAHISA WA KAMPUNI

Idadi ya wanahisa mwaka 2013 ilikuwa 9,482 (2012: wanahisa 9,623). Ifuatayo ni orodha ya wanahisa wakubwa kumi wa Kampuni:

Jina	Utaifa	2013 %	2012 %
Scancem International DA	Mnorwe	69.25	69.25
Parastatal Pension Fund	Mtanzania	5.42	4.25
Public Service Pension Fund	Mtanzania	2.69	2.69
SCBT nominees SCB Consumer Banking	Mtanzania	2.02	-
Aunali F. Rajabali	Mtanzania	1.35	2.87
National Social Security Fund	Mtanzania	1.24	1.02
Sajjad F. Rajabali	Mtanzania	1.22	2.37
Murtaza Basheer Nasser	Mtanzania	0.89	0.83
Umoja Unit Trust Scheme	Mtanzania	0.76	0.61
Wazo Hill Saving and Credit Cooperative Society	Mtanzania	0.76	0.83

27. TAARIFA YA SOKO LA MTAJI

Tarehe 29 Septemba 2006 Kampuni iliorodheshwa katika soko la mitaji na hisa zake kuanza kuuzwa kwenye Soko la Mitaji la Dar es Salaam. Mwaka huu hisa za kampuni zilifanyiwa biashara wakati wote kwenye minada inayoratibiwa na Soko la Mitaji la Dar es Salaam (DSE). Mwaka 2013, mwenendo wa hisa zetu kwenye soko la mitaji ilikuwa hivi: Thamani ya Kampuni mnamo 31 Desemba 2013 ilikuwa TZS 478.6 bilioni (2012: TZS 467.8 bilioni). Bei ya hisa mnamo 31 Desemba 2013 ilikuwa TZS 2,660 kwa hisa, ikiwa imeongezeka kutoka TZS 2,600 mwaka mmoja uliopita (Bei katika soko la mwanzo ilikuwa TZS 435 kwa hisa).

28. WAKAGUZI

Wakaguzi wa Kampuni kwa mwaka 2013 walikuwa Ernst & Young. Wakaguzi wameeleza kuwa wako tayari kuendelea kuwa wakaguzi wetu na wanafaa kuteuliwa tena. Azimio la kuwapendekeza Ernst & Young kuwa wakaguzi wa Kampuni kwa mwaka 2014 litawasilishwa kwenye Mkutano Mkuu wa mwaka.

Imetolewa kwa amri ya Bodi:

Jina: Joseph Rugumyamheto
Cheo; Mkurugenzi

Jina: George Fumbuka
Cheo; Mkurugenzi

Tarehe; 20 Mach 2014

The Companies Act, 2002 requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of 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 de-tection of fraud, error and other irregularities.

The directors accept responsibility for the annual financial statements, which have been prepared using ap-propriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Company and of its profit or loss.

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 con-cern for at least twelve months from the date of this statement.

Name: Joseph Rugumyamheto
Title: Director

Name: George Fumbuka
Title: Director

Date: 20 March 2014

Independent Auditors' Report

To the shareholders of
TANZANIA PORTLAND CEMENT COMPANY LIMITED

Report on the financial statements
We have audited the financial statements of Tanzania Portland Cement Company Limited set out on pages 31 to 71 which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Tanzania Portland Cement Company Limited at 31 December, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and Tanzanian Companies Act, 2002.

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

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

i. 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;
ii. In our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of those books;
iii. The Directors report is consistent with the financial statements;
iv. Information specified by law regarding directors remuneration and transactions with the Company is disclosed; and
v. The Company's financial statements are in agreement with the books of account.

Ernst & Young
Certified Public Accountants
Dar es Salaam

Signed by: Neema Kiure Mssusa (Partner)

31 March 2014

2013

	Notes	2013 TZS '000	2012 TZS '000
Revenue	8	213,775,188	249,111,727
Cost of sales	10	(138,409,472)	(126,706,477)
Gross profit		**75,365,716**	**122,405,250**
Other operating income	9	11,269,524	333,962
Selling and marketing costs	11	(2,779,826)	(1,743,717)
Administrative costs	12	(20,337,037)	(17,100,620)
Depreciation and amortisation	7,18 & 19	(13,110,694)	(11,959,927)
Other operating expenses	15	(1,251,064)	(775,086)
Operating profit		**49,156,619**	**91,159,862**
Finance income	13	766,866	1,014,462
Financial costs	16	(228,467)	(583,608)
Non operating expenses		(1,229,473)	-
Gain/loss on foreign currency translation	17	1,929,896	750,464
Profit before tax		**50,395,441**	**92,341,180**

2013

Statement of Comprehensive Income for the year ended 31 December 2013

	Notes	2013 TZS '000	2012 TZS '000
Income tax expense	30	(12,755,372)	(30,762,591)
Profit for the year		**37,640,069**	**61,578,589**
Other comprehensive income			
Actuarial (loss)/gains on defined benefit plan		(2,708,961)	(1,770,632)
Income tax effect	30	1,323,828	531,190
Other comprehensive income, net of tax		(1,385,133)	(1,239,442)
Total comprehensive income for the year		**36,254,936**	**60,339,147**
Earnings per share			
Basic and diluted earning per share (TZS)	34	209.20	342.25

2013

Statement of Comprehensive Income for the year ended 31 December 2013

	Notes	2013 TZS '000	Restated 2012 TZS '000	Restated 1 January 2012 TZS '000
ASSETS				
Non-current assets				
Property, plant and equipment	7	176,390,452	153,246,024	151,178,364
Intangible asset	18	141,980	251,308	35,853
Leasehold land	19	1,229,542	1,254,978	1,280,414
		177,761,974	**154,752,310**	**152,494,631**
Current assets				
Inventories	21	52,372,241	50,117,949	43,159,580
Tax receivables	31	208,964	-	-
Trade receivables	22	10,839,581	12,349,406	5,781,520
Other short-term operating receivables	23	10,019,374	6,043,519	4,987,192
Cash and bank balances	20	43,488,040	54,567,099	46,245,482
		116,928,200	**123,077,973**	**100,173,774**
TOTAL ASSETS		**294,690,174**	**277,830,283**	**252,668,405**

Statement of Financial Position as at 31 December 2013

	Notes	2013 TZS '000	2012 TZS '000	Restated 1 January 2012 TZS '000
EQUITY AND LIABILITIES				
Equity				
Share capital	24	3,598,462	3,598,462	3,598,462
Retained earnings		220,203,808	208,238,491	181,935,648
		223,802,270	**211,836,953**	**185,534,110**
Non-current liabilities				
Interest-bearing loans	25	276,998	327,363	377,728
Employment benefit liabilities	31	5,479,930	5,264,950	4,284,887
Deferred tax liability	30	24,810,815	29,462,736	23,583,073
		30,567,743	**35,055,049**	**28,245,688**
Current liabilities				
Trade and other payables	26	37,731,328	28,278,311	36,617,564
Interest-bearing loans	25	66,523	70,511	75,012
Dividend payable		2,522,310	2,418,266	2,152,863
Tax payable	31	-	171,193	43,168
		40,320,161	**30,938,281**	**38,888,607**
TOTAL EQUITY AND LIABILITIES		**294,690,174**	**277,830,283**	**252,668,405**

These financial statements were authorised for issue in accordance with a resolution of the board of directors passed on 20th March 2014 and were signed on its behalf by:

Name: Joseph Rugumyamheto

Title: Director

Name: George Fumbuka

Title: Director

2013

Statement of Financial Position as at 31 December 2013

	Issued share capital (Note 24) TZS '000	Retained earnings TZS '000	Total TZS '000
At 01 January 2013	3,598,462	208,238,491	211,836,953
Profit for the year	-	37,640,069	37,640,069
Other comprehensive income	-	(1,385,133)	(1,385,133)
	3,598,462	**244,493,427**	**248,091,889**
Dividends declared	-	(24,289,619)	(24,289,619)
At 31 December 2013	**3,598,462**	**220,203,808**	**223,802,270**

2013

Statement of Changes in Equity for the Year Ended 31 December 2013

	Issued share capital (Note 24) TZS '000	Retained earnings TZS '000	Total TZS '000
At 01 January 2012	3,598,462	183,277,390	186,875,852
Changes in accounting policies (Note 31)		(1,341,742)	(1,341,742)
As at 01 January 2012 (Restated)	3,598,462	181,935,648	185,534,110
Profits for the period	-	61,578,589	61,578,589
Changes in accounting policies (Note 31)		149,082	149,082
	-	61,727,671	61,727,671
Other comprehensive income	-	(1,239,442)	(1,239,442)
	-	242,423,877	246,022,339
Dividends declared	-	(34,185,386)	(34,185,386)
At 31 December 2012	**3,598,462**	**208,238,491**	**211,836,953**

2013

Statement of Changes in Equity for the Year Ended 31 December 2013

	Notes	2013 TZS '000	2012 TZS '000
Operating activities			
Profit before tax		50,395,441	92,341,180
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation and amortisation	7,18 & 19	13,110,694	11,959,927
Interest expenses	16	228,467	583,608
Interest income	13	(766,866)	(1,014,462)
Net unrealised exchange gain	17	(630,105)	(1,164,618)
Increase/(decrease) in provision for obsolete inventory		1,621,625	(1,271,635)
Capital items		(1,002,753)	-
(Decrease)/increase in provision for receivables		(392,807)	112,948
Gain on disposal of property, plant and equipment		(42,381)	(25,678)
Cash flows before changes in working capital items		**62,521,315**	**101,521,270**
Working capital adjustments:			
Increase in inventories		(3,875,917)	(5,686,734)
Decrease/(increase) in trade receivables		1,902,632	(6,680,834)
Increase in other short-term operating receivables		(3,975,855)	(1,056,327)
Decrease in employment benefit liabilities		(183,061)	(262,468)
Increase/(decrease) in trade and other payables		9,453,017	(8,339,253)
		3,320,816	(22,025,616)

Statement of Cash Flows for the year ended 31 December 2013

	Notes	2013 TZS '000	2012 TZS '000
Cash flows after changes in working capital items		65,842,131	79,495,654
Corporation tax paid	30	(16,463,622)	(24,287,606)
Interest received		766,866	1,014,462
Interest paid		(430,547)	(588,110)
Net cash inflows from operating activities		**49,714,828**	**55,634,400**
Investing activities			
Proceeds from disposal of property, plant and equipment		134,612	25,678
Capital works-in-progress		(34,933,651)	(12,637,797)
Purchase of capital items in stock		(470,299)	(313,674)
Purchase of intangibles		(3,548)	(300,203)
Purchase of property, plant and equipment		(1,807,844)	(1,281,053)
Net cash flows used in investing activities		**(37,080,730)**	**(14,507,049)**
Financing activities			
Dividends paid		(24,289,619)	(33,919,988)
Interest-bearing loans repaid		(53,643)	(50,364)
Net cash flows used in financing activities		**(24,343,262)**	**(33,970,352)**
Net increase in cash and cash equivalents		**(11,709,164)**	**7,156,999**
Net foreign exchange difference		630,105	1,164,618
Cash and cash equivalents at 01 January		54,567,099	46,245,482
Cash and cash equivalent at 31 December	20	**43,488,040**	**54,567,099**

2013

Statement of Cash Flows for the year ended 31 December 2013

Our dedication in serving all levels of the building and construction sector is unquestionable; we have products to meet all demands.

1. CORPORATE INFORMATION

The financial statements of Tanzania Portland Cement Company Limited ('the Company') for the year ended 31 December 2013 were authorized for issue in accordance with a resolution of the directors on 20 March 2014. The Company is a Limited Company incorporated and domiciled in Tanzania. The Company's shares are publicly traded. The registered office is located at Wazo Hill, Dar es Salaam.

The principal activities of the Company are disclosed in the directors' report. Information on its holding company is provided in note 29.

2. BASIS OF PREPARATION

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

Statement of compliance

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

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, these include; IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements, AS 28 Investments in Associates have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except the following set out below:

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2013:

- **IFRS 13 – Fair Value measurement.**

IFRS 13 provides guidance on how to measure fair value of financial and non-financial assets and liabilities when fair value measurement is required or permitted by IFRS.) Effective 1 January 2013. Application of IFRS 13 has not materially impacted the fair value measurements of the Company. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

- **IAS 19 Employee Benefits (Revised 2011)**

The Company applied IAS 19 (Revised 2011) retrospectively in the current period in accordance with the transitional provisions set out in the revised standard. The opening statement of financial position of the earliest comparative period presented (1 January 2012) and the comparative figures have been accordingly restated. IAS 19 (Revised 2011) changes, amongst other things, the accounting for defined benefit plans. Some of the key changes that impacted the Company include the following:

- All past service costs are recognised at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognised. As a result, unvested past service costs can no longer be deferred and recognised over the future vesting period. Previously, the Company had a balance of unrecognised service cost of TZS1.9 billion (TZS 1.3 billion net of tax) as at 1 January 2013. Upon transition to IAS 19 (Revised 2011), this balance was charged to equity (retained earnings) as at 1 January 2012 along with the consequential tax impact. Amortisation on past service costs of TZS 0.212 billion for the year ended 31 December 2012 was reversed.
- The interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net interest amount under IAS 19 (Revised 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period. In view of this change, TZS 635,067 was charged to the Company's profit and loss for year ended 31 December 2013 with a consequential OCI loss. IAS 19 (Revised 2011) also requires more extensive disclosures. These have been provided in Note 27. IAS 19 (Revised 2011) has been applied retrospectively, with following permitted exceptions:
- The carrying amounts of other assets have not been adjusted for changes in employee benefit costs that were included before 1 January 2012
- Sensitivity disclosures for the defined benefit obligation for comparative period (year ended 31 December 2012) have not been provided

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted, which are consistent with those of previous years, are shown below:

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

Revenue recognition

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

Sale of goods

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

Rental income

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

Revenue grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

Dividend distribution

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

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of any replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. All other repair and maintenance costs are recognised in profit and loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual rates of depreciation which have been consistently applied are:

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

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

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

Capital work-in - progress

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

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

Capital items in stock

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

Intangible assets

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

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation which has been consistently applied is 33.3% – 50%.The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss.

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

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the as set is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

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

Financial assets

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

Loans and receivables

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 22.

Cash and cash equivalents

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

Derecognition

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

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

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

Impairment of financial assets

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

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

Financial assets carried at amortised cost

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

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

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

The carrying amount of the asset is reduced through the use of an allowance account and the loss

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

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

Loans and borrowings

After initial recognition, loans and borrowings 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.

Derecognition 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.

Offsetting of financial instruments

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

Operating lease

Company as a lessee

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

Inventories

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

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

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

Provisions

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

Pensions and other post – employment benefits

The Company operates defined contribution plans and defined benefit plans.

Pension obligations

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

Post-employment obligations

Under defined benefit plans, the Company provides certain post-retirement benefits at retirement and at certain milestones during the period of employment.

The expected costs of these benefits are accrued over the period of employment and the present value of the obligation is determined by 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 plans is determined separately for each plan using the projected unit credit actuarial valuation method. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Bonus plans

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

Termination benefits

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

Taxes

Current tax

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

Deferred tax

Deferred tax is provided 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.

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.

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

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

enacted or substantively enacted at the reporting date.
Current tax and deferred tax relating to items recognised directly in other comprehensive income or equity are also recognised in other comprehensive income or equity and not in profit or loss.

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

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal
  of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are 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:

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

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

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

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

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

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

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

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

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

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

Impairment 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.

Pension and Other Post Employment Benefits

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

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become 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 intends to adopt these standards, if applicable, when they become effective.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. These amendments would continue to be considered for future disclosures.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard does not have an effective date as yet. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of the Company's financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Company.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Comapny does not expect that IFRIC 21 will have material financial impact in future financial statements.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. These amendments would continue to be considered for future disclosures.

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Company has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have no effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Company. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 Joint Arrangements
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard will not have any impact on the financial position of the Company.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but have no impact on the Company's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is currently assessing the impact that this standard will have on its financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
This interpretation applies to waste removal (stripping) costs incurred in surface mining activity during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after 1 January 2013. The new interpretation will not have an impact on the Company.

Annual Improvements May 2012

These improvements will not have an impact on the Company, but include:

IFRS 1 First-time Adoption of International Financial Reporting Standards
This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements
This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment
This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation
This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting
The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013

7. PROPERTY, PLANT AND EQUIPMENT

	Building and Roads	Production machinery & equipment	Other equipment	Capital items in stocks	Capital work -in-progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost						
At 01 January 2012	42,313,193	124,855,411	10,102,679	1,708,448	17,753,586	196,733,317
Additions	65,753	47,747	1,167,553	313,674	12,637,797	14,232,524
Transfers	-	25,700,465	643,472	(119,654)	(26,224,283)	-
Transfers to intangible asset	-	-	-	-	(263,112)	(263,112)
Expensed	-	-	-	(41,911)	(10,098)	(52,009)
Disposals	-	(54,202)	(86,244)	-	-	(140,446)
At 31 December 2012	**42,378,946**	**150,549,421**	**11,827,460**	**1,860,557**	**3,893,890**	**210,510,274**
At 01 January 2013	42,378,946	150,549,421	11,827,460	1,860,557	3,893,890	210,510,274
Additions	395,860	411,943	1,000,041	470,299	34,933,651	37,211,794
Transfers	211,588	3,254,599	1,163,696	-	(4,629,883)	-
Adjustments	-	-	-	(1,002,753)	-	(1,002,753)
Disposals	(181,712)	(434,119)	(147,900)	-	-	(763,731)
At 31 December 2013	**42,804,682**	**153,781,844**	**13,843,297**	**1,328,103**	**34,197,658**	**245,955,584**

7. PROPERTY, PLANT AND EQUIPMENT*(continued)*

Accumulated depreciation						
At 01 January 2012	4,673,027	35,443,896	5,438,030	-	-	45,554,953
Charge during the year	1,669,648	9,240,193	939,902	-	-	11,849,743
Disposals	-	(54,202)	(86,244)	-	-	(140,446)
At 31 December 2012	**6,342,675**	**44,629,887**	**6,291,688**	**-**	**-**	**57,264,250**
At 01 January 2012	6,342,675	44,629,887	6,291,688	-	-	57,264,250
Charge during the year	1,672,242	10,211,647	1,088,493	-	-	12,972,382
Disposals	(109,883)	(413,717)	(147,900)	-	-	(671,500)
At 31 December 2013	**7,905,034**	**54,427,817**	**7,232,281**	**-**	**-**	**69,565,132**
Carrying amount						
At 31 December 2013	**34,899,648**	**99,354,027**	**6,611,016**	**1,328,103**	**34,197,658**	**176,390,452**
At 31 December 2012	**36,036,271**	**105,919,534**	**5,535,772**	**1,860,557**	**3,893,890**	**153,246,024**

	2013	2012
	TZS '000	TZS '000
8. REVENUE		
Sales of goods:		
Twiga extra	168,558,482	207,854,191
Twiga ordinary	47,599,167	42,938,688
Clinker	471,687	-
	216,629,336	250,792,879
Less: Freight outbound	(2,854,148)	(1,681,152)
	213,775,188	249,111,727
9. OTHER OPERATING INCOME		
Gain on disposal of property, plant and equipment	42,381	25,678
Rental income	103,875	93,397
Reversal of provisions	32,249	38,882
Revenue grant	-	83,468
Insurance claims	10,735,054	-
Miscellaneous income	355,965	92,537
	11,269,524	333,962
Revenue grant		
Quarry greening grant from GIZ	-	83,468
	-	**83,468**

	Notes	2013	2012
		TZS '000	TZS '000
10. COST OF SALES			
Distribution costs		3,340,860	798,418
Variable costs		107,006,942	96,254,741
Fixed production cost		26,440,045	30,924,953
Provision/ (Write back)provision for obsolete and slow moving stock		1,621,625	(1,271,635)
		138,409,472	126,706,477
Fixed production costs includes:			
Staff costs		7,645,981	7,074,624
11. SELLING AND MARKETING COSTS			
Staff costs	14	857,094	779,058
Marketing, advertising and sales costs		1,597,366	552,729
Debt written off		325,366	-
Increase in provision for impairment of receivables	11(a)	-	112,948
Other expenses		-	298,982
		2,779,826	1,743,717

	Notes	2013	2012
		TZS '000	TZS '000
11. SELLING AND MARKETING COSTS (Continued)			
a) Increase in provision for impairment of receivables			
On Trade receivables			
(Release)/ Charge during the year	22	(458,054)	49,156
On Other receivables			
(Release)/Charge during the year	23	(534,202)	63,792
		(992,256)	112,948
12. ADMINISTRATIVE EXPENSES			
Staff costs	14	5,826,743	5,416,708
Other administrative expenses		14,510,294	11,683,912
		20,337,037	17,100,620
Included in Other administrative expenses are:			
Audit fees		107,777	95,432
Consultancy fees		3,354,615	2,173,568
Rent, rates and hiring costs		1,447,457	1,285,295
Donations		53,390	38,683
Legal fees		338,290	425,731
Directors' remuneration		63,027	65,332

	2013	2012
	TZS '000	TZS '000
13. FINANCE INCOME		
Interest income-Interest on short term bank deposits	766,866	1,014,462
	766,866	1,014,462
14. STAFF COSTS		
Staff costs under:		
Cost of sales	7,645,981	7,074,624
Selling and marketing costs	857,094	779,058
Administrative expenses	5,826,743	5,416,708
	14,329,818	**13,270,390**
Staff costs is made up of:		
Salaries and wages	7,024,957	7,172,257
Social Security Contribution	1,468,798	1,337,121
Payroll tax	1,164,039	807,118
Employment benefit contribution	813,409	921,555
Other benefits	3,858,615	3,032,339
	14,329,818	**13,270,390**

	Notes	2013	2012
		TZS '000	TZS '000
15. OTHER OPERATING EXPENSES			
Local government levies and taxes		921,348	758,956
Property taxes		329,716	16,130
		1,251,064	**775,086**
16. FINANCE COSTS			
Interest on long term Interest-bearing loans		35,045	37,048
Interest on short-term borrowing		193,422	546,560
		228,467	583,608
17. GAIN/(LOSS) ON FOREIGN CURRENCY TRANSLATION			
Exchange gain - realised		1,302,543	215,978
Exchange gain - unrealised		3,097,635	4,511,902
Exchange loss - realised		(2,752)	(630,132)
Exchange loss - unrealised		(2,467,530)	(3,347,284)
		1,929,896	**750,464**

18. INTANGIBLE ASSET

This consists of computer software, whose movement is as follows:

	2013	2012
	TZS '000	TZS '000
COSTS		
At 01 January	573,812	273,609
Additions	3,548	300,203
At 31 December	577,360	573,812
Accumulated amortisation		
At 01 January	322,504	237,756
Charge during the year	112,876	84,748
At 31 December	435,380	322,504
Net carrying amount		
At 31 December	141,980	251,308

19. LEASEHOLD LAND

	2013	2012
At 01 January	1,254,978	1,280,414
Additions	-	-
	1,254,978	1,280,414
Less: Amortisation for the year	(25,436)	(25,436)
At 31 December	1,229,542	1,254,978
Within one year	25,436	25,436
After one year	1,204,106	1,229,542
	1,229,542	**1,254,978**

The remaining lease period for leasehold land is 79 years.

	2013 TZS '000	2012 TZS '000
20. CASH AND CASH EQUIVALENTS		
Cash at bank - local currency	19,335,594	16,013,086
Cash at bank - foreign currency	24,147,976	38,549,813
Cash at hand	4,470	4,200
	43,488,040	**54,567,099**

The carrying amounts disclosed above are reasonably approximate fair value at the reporting date. The cash and cash equivalent position for cash flow purposes is as follows:

	2013 TZS '000	2012 TZS '000
Cash and cash equivalents as above	43,488,040	54,567,099
Net cash and cash equivalent	43,488,040	54,567,099

	2013 TZS '000	2012 TZS '000
21. INVENTORIES		
Raw materials, additives, consumables		
and spare-parts	49,692,737	45,880,839
Work - in - progress	7,898,508	7,276,374
Finished goods and goods for resale		
- Twiga Extra Cement	1,745,351	1,253,790
- Twiga Ordinary Cement	618,824	339,993
Less: Provision for obsolete stock (a)	**(7,583,179)**	**(4,633,047)**
	52,372,241	**50,117,949**
(a) Movement in provision		
At 01 January	4,633,047	5,904,682
(Decrease)/increase in provision (b)	2,950,132	(1,271,635)
At 31 December	7,583,179	4,633,047

	Notes	2013 TZS '000	2012 TZS '000
21. INVENTORIES *(Continued)*			
(b) Reversal of provision for obsolete and slow moving items		-	(1,271,635)
Additional provision for obsolete and slow moving items		2,950,132	-
(Increase)/ Decrease in provision		**2,950,132**	(1,271,635)

During 2013, none of the Company's inventory balances were pledged as a security for liability

	Notes	2013 TZS '000	2012 TZS '000
22. TRADE RECEIVABLES			
Trade Receivables		10,886,708	12,854,587
Provision for impairment on receivables			
At 01 January		(505,181)	(456,025)
Write off/ (addition provision)	11	458,054	(49,156)
At 31 December		(47,127)	(505,181)
		10,839,581	**12,349,406**

As at 31 December, the ageing analysis of trade receivables is as follows:

	2013 TZS '000	2012 TZS '000
==>Neither past due nor impaired	7,985,236	10,267,677
==>Past due but not impaired		
Not impaired & overdue 31 - 60 days	1,930,916	2,078,669
Not impaired & overdue 61 -360 days	923,429	3,060
Not impaired & overdue > 360 days	-	-
	10,839,581	**12,349,406**

Terms and conditions of the above trade receivables:
Trade receivables are non-interest bearing and are generally on 30 day terms.
As at 31 December 2013, trade receivables at initial value of TZS 47,127 (2012: TZS 505,181) were impaired and fully provided for and the movements in the provision for impairment of receivables is as shown above.

	2013	2012
	TZS '000	TZS '000
23. OTHER SHORT-TERM OPERATING RECEIVABLES		
Prepaid expenses	5,541,601	1,873,164
Other Receivables:		
Staff loans and advances	91,235	365,562
Advances to suppliers	955,397	682,565
Other receivables	3,431,141	3,656,430
	4,477,773	4,704,557
Less: Provision for impairment	**-**	**(534,202)**
	10,019,374	**6,043,519**
Provision for impairment on other receivables		
At 01 January	(534,202)	(470,410)
Amount recovered	-	-
Write off/ (Charge) during the year	534,202	(63,792)
At 31 December	**-**	**(534,202)**

As at 31 December, the ageing analysis of other receivables is as follows:

	2013	2012
==>Neither past due nor impaired	993	8,041
==>Past due but not impaired		
Not impaired & overdue 31 - 60 days	143,860	14,014
Not impaired & overdue 61 -360 days	2,174,273	42,564
Not impaired & overdue > 360 days	2,158,647	3,057,609
	4,477,773	**3,122,228**

Terms and conditions of the above trade receivables:
Other receivables are non-interest bearing and are generally on 30 day terms.
As at 31 December 2013, there was no impairement of other receivables. In 2012, an amount of TZS 534,202 was impaired and fully provided for.

	2013	2012
	TZS '000	TZS '000
24. SHARE CAPITAL		
AUTHORISED		
179,923,100 Ordinary Shares of TZS 20 each	3,598,462	3,598,462
ISSUED AND FULLY PAID UP		
Shareholders:	Number of Shares	Number of Shares
Scancem International DA	124,598,500	124,598,500
General Public	53,955,094	53,835,094
Wazo Hill Savings and Credit Cooperative Society	1,369,506	1,489,506
	179,923,100	**179,923,100**
25. INTEREST BEARING LOAN		
10% Long-term treasury loan	327,363	377,728
Current portion - Due within one year	(50,365)	(50,365)
Long-term portion - Due after one year	276,998	327,363
Current portion	50,365	50,365
Interest payable	16,158	20,146
Total current portion	66,523	70,511
After one year but not more than five years	201,460	201,460
More than five years	75,538	125,903
Non-Current liabilities	**276,998**	**327,363**

25. INTEREST BEARING LOAN - *Continued*

The loan of initially TZS 1,082,822,619 was extended by the Government of the United Republic of Tanzania to Tanzania Portland Cement Company Limited in form of remission of sales tax and customs duty on all imported goods for the rehabilitation of Tanzania Portland Cement Company Limited under SIDA import support programme during the financial year 1988/1989, 1989/1990 and 1990/1991. The loan carries an interest of 10% per annum on the outstanding balance and is payable in semi annual equal instalments of TZS 25,181,921 for a period of 20 years. The repayment of the loan commenced on 31 January 1999 and is payable up to 31 December 2019.

26. TRADE AND OTHER PAYABLES

		2013	2012
		TZS '000	TZS '000
Trade payables - third parties		12,508,997	9,486,965
Trade payables - intercompany	Note 29 (b)	9,623,031	7,374,591
Short-term non financial liabilities		3,469,544	-
Short-term operating payables		10,496,334	10,163,851
Payables for payroll and related costs		1,633,422	1,252,904
		37,731,328	28,278,311

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled between 15 to 45 days after date of invoice.
- Other payables are non-interest bearing and have an average term of 30 days.
- For terms and conditions relating to related parties, refer to Note 29.

27. EMPLOYMENT BENEFIT LIABILITIES

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

	2013	2012
	TZS '000	TZS '000
Endowment Scheme	813,409	493,780
Parastatal Pension Fund (PPF)	474,986	395,169
National Social Security Fund (NSSF)	339,328	296,656
	1,627,723	1,185,605

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

At the end of 2012 the voluntary agreement was re-negotiated for another two years. Modifications to the defined benefit plans resulted from both statutory (labour law) and negotiated changes. For the end-of-service benefit scheme the past service cost resulting from these modifications and long - service award scheme are now recognised in profit and loss when the plan amendment occurs.

27. EMPLOYMENT BENEFIT LIABILITIES (continued)

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

	2013 TZS '000	2012 TZS '000
Present value of unfunded obligations	5,479,930	5,264,954
Net liability recognised in statement of financial position	5,479,930	5,264,954

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

	2013 TZS '000	2012 TZS '000
Post-employment benefit	3,124,562	3,194,783
Other long-term benefits	864,543	366,371
	3,989,105	3,561,154

The amounts recognised in profit or loss are as follows:

	2013 TZS '000	2012 TZS '000
Current service cost	178,342	180,652
Interest on obligation	635,067	527,928
Expense recognised in profit and loss	813,409	708,580
Acturial gains on defined benefit plan:		
Post-employment benefit	1,804,462	1,548,002
Other long-term benefits	904,459	222,630
	2,708,921	**1,770,632**

27. EMPLOYMENT BENEFIT LIABILITIES (continued)

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

	2013 TZS '000	2012 TZS '000
Opening balance (end-of-service benefits)	4,898,581	3,979,678
Current service costs	165,971	167,784
Interest cost	587,872	490,324
Benefits payments	(2,841,499)	(1,287,209)
Actuarial losses	1,804,462	1,548,002
Closing balance (end-of-service benefits)	4,615,387	4,898,579
Other long-term benefits		
Opening balance (long-service awards)	366,371	305,206
Reclassified from post employment benefits		
Current service cost	12,370	12,868
Interest cost	47,196	37,604
Benefits payments	(465,853)	(211,937)
Actuarial losses	904,459	222,630
- Sub-total: change in provision for other long-term benefits	498,172	61,165
Closing balance (long-service awards)	864,543	366,371
Post-employment benefits		
The amounts recognised in Statement of financial position:		
Present value of unfunded obligations	4,615,387	4,898,579
Unrecognised past service cost	864,543	366,371
	5,479,930	5,264,950

27. EMPLOYMENT BENEFIT LIABILITIES (continued)

The amounts recognised in the statement of financial position for the years 2007 to 2009 are as below:

	2008	2009	2010	2011
	TZS '000	TZS '000	TZS '000	TZS '000
Present value of unfunded obligations	3,413,293	3,878,247	4,454,326	4,284,886
Unrecognised past service cost	(2,674,915)	(2,342,724)	(2,129,750)	(1,916,775)
Net liability recognised in statement of financial position	738,378	1,535,523	2,324,576	2,368,111

Principal actuarial assumptions at the statement of financial position date:

	2013	2012
Discount rate at 31 December	14%	14%
Future annual salary increases	6%	6%
Cost inflation	5%	5%

28. OTHER STATUTORY PAYROLL REMITTANCES

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

	2013	2012
	TZS '000	TZS '000
Skills and Development Levy	1,164,039	807,118

The amount deducted from the employees' salaries and wages in respect of PAYE is

Pay As You Earn	4,277,463	3,247,442

At year-end the following amounts were payable to relevant authorities. These remittances have subsequently been paid.

Skills and Development Levy	98,360	54,030
Pay As You Earn	472,760	173,628

29. RELATED PARTY TRANSACTIONS

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

During the year the Company entered into transactions with Scancem International DA of Oslo, Norway which owns an equity stake of 69.25% in the Company. HC Trading, Interlac and Scan Togo are sister companies to TPCC. The Company imports raw materials, machinery, spare parts and services from/through the holding company. The Company's purchases during the year 2013 were as follows:

29. RELATED PARTY TRANSACTIONS (*Continued*)

a) Related party transactions (Purchase of goods and services)

		2013	2012
		TZS '000	TZS '000
Goods:	Raw materials	11,129,703	22,638,274
	Spare parts and other consumables	12,839,235	12,232,000
Services:	Management fees and services	5,453,221	2,636,427
	Total amount traded	29,422,159	37,506,701

b) Related party balances

	2013	2012
Trade payables - Scancem International DA	9,114,339	7,374,591
- HeidelbergCement AG	280,415	-
- HC Trading	228,277	-
	9,623,031	7,374,591

c) Related party transactions (Sale of goods and services)

	2013	2012
- Interlac	-	276,036

	2013	2012
d) Other Receivables - ScanTogo	162,294	-
- Scancem International DA	-	100,536
- Interlac	20,754	101,823
	183,048	202,359

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

For the year ended 31 December 2013, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2012: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

29. RELATED PARTY TRANSACTIONS (*Continued)*

	2013 TZS '000	2012 TZS '000
Short-term employee benefits (Salaries and allowances)	3,907,031	2,884,463
Post employment benefits (defined contribution plans)	767,360	438,894
	4,674,391	3,323,357

No terminal or other term benefits were paid to key management personnel during the year (2012: Nil).

- As at 31 December 2013, there was no outstanding amount with key management personnel
- The amounts disclosed in the table above are the amounts recognised as an expense during the period related to key management personnel.

30. TAXATION

i) **Tax expense**

	2013 TZS '000	2012 TZS '000
Current year tax	16,083,465	24,351,738
Adjustments in respect of current income tax of previous year	-	-
	16,083,465	24,351,738
Deferred tax charge	(3,328,093)	6,410,853
	12,755,372	30,762,591

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

	2013 TZS '000	2012 TZS '000
Accounting profit before taxation	50,395,441	92,341,180
Income tax at 30% (2012: 30%)	15,118,632	27,702,354
Tax effect on non taxable/non deductible items		
Disallowable expenses	336,953	3,060,237
Adjustments in respect of current income tax of previous year	(2,700,213)	-
Tax expense	12,755,372	30,762,591

30. TAXATION *(continued)*

iii) **Deferred Tax**

	2013 TZS '000	2012 TZS '000
Accelerated depreciation for tax purposes	97,469,625	97,402,612
Provisions for post employment and other long term benefits	(2,770,969)	3,561,154
Decrease in provision for obsolete and slow moving items	(7,583,179)	(984,015)
Actuarial (gains) and losses - end of service benefit	(4,412,761)	(1,584,002)
Actuarial (gains) and losses - long service award	-	(222,630)
	82,702,716	98,173,119
Deferred tax liability thereon at 30%	24,810,815	29,462,736
Less: Opening deferred tax liability	(29,462,736)	(23,583,073)
Deferred tax expense	(4,651,921)	5,879,663
Deferred tax charge	(3,328,093)	6,410,853
Deferred tax charge to other comprehensive income	(1,323,828)	(531,190)
	(4,651,921)	5,879,663

iv) **Tax (recoverable)/payable**

	2013 TZS '000	2012 TZS '000
Tax payable brought forward	682,333	618,201
Tax charge for the year	16,083,465	24,351,738
Tax payments during the year	(16,463,622)	(24,287,606)
	302,176	682,333
Changes in accounting policies (Note 31)	(511,140)	(511,140)
Tax payable	(208,964)	171,193

31. CHANGES IN ACCOUNTING POLCIES AND DISCLOSURE - IAS 19

IAS 19 (Revised 2011) changes, amongst other things, the accounting for defined benefit plans. Some of the key changes that impacted the Company include the following:

All past service costs are recognised at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognised. As a result, unvested past service costs can no longer be deferred and recognised over the future vesting period. Previously, the Company had a balance of unrecognised service cost of TZS 1.7 bill (TZS 1.19 bill net of tax) as at 1 January 2012. Upon transition to IAS 19 (Revised 2011), this balance was charged to equity (retained earnings) as at 1 January 2012 along with the consequential tax impact. Amortisation on past service costs of TZS 0.21 bill (TZS 0.15 bill net of tax) for the year ended 31 December 2012 was reversed.

Impact on profit or loss and OCI (increase/ (decrease) in profit/OCI):

	2013	2012	1 Jan 2012
Deferred Tax			
Total Comprehensive Income for the year	-	60,339,147	50,844,587
Other comprehensive income			
Unrecognised past service costs	-	212,975	(1,916,775)
Income tax effect		(63,893)	575,033
Net impact	-	149,082	(1,341,742)
Total comprehensive income for the year	-	60,488,229	49,502,845

31. CHANGES IN ACCOUNTING POLCIES AND DISCLOSURE - IAS 19 *(Continued)*

Impact on profit or loss and OCI (increase/ (decrease) in profit/OCI):

	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
Recognition of unrecognised past service costs	(1,703,800)	(1,703,800)	(1,916,775)
Consequential tax impact of the above	511,140	511,140	575,033
Net decrease in equity	**(1,192,660)**	**(1,192,660)**	**(1,341,743)**

Impact on profit or loss and OCI (increase/ (decrease) in profit/OCI):

	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
As previous stated			
Net Liability recognised in statement of financial position	3,776,130	3,561,154	2,368,112
Unrecognised past service cost	1,703,800	1,703,800	1,916,775
	5,479,930	**5,264,954**	**4,284,887**
As previous stated			
Tax payable	302,176	682,333	618,201
Unrecognised past service cost	(511,140)	(511,140)	(575,033)
	(208,964)	**171,193**	43,168

From our well equipped laboratories we ensure that our products are of the highest quality.

32. EMPLOYEES

The number of employees at the end of the year was 341 (2012: 351).

33. DIVIDEND PER SHARE

Dividends relating to the profits for the year ended 31 December 2012 of TZS 135 per share (totalling TZS 24 billion) were paid as final dividend in June 2013

34. COMMITMENTS AND CONTINGENCIES

Capital commitment

Substantial amount was spent in 2013 for the construction of Cement Mill 5. Capital commitments for the construction of Cement Mill 5 are approximately TZS 26 million.

Operating lease commitment - Company as lessee

The Company has entered into commercial lease of land for limestone extraction and factory area. The lease has an average life of 81 years. At 31 December 2013, the Company had not prepaid any rent of land. Rent is paid on annual basis.

	2013 TZS '000	2012 TZS '000
Rental expenses recognised during year	329,716	97,525

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

	2013 TZS '000	2012 TZS '000
Within one year	329,716	97,525
After one year but not more than five years	1,648,580	487,625
More than five years	24,069,266	7,216,850
	26,047,562	**7,802,000**

34. COMMITMENTS AND CONTINGENCIES *(Continued)*

Operating lease commitment - Company as lessor

The Company has entered into commercial lease of land for use by different telephone companies. The lease has an average life of 5 years. At 31 December 2013, the Company had not received any advances for rent. Rent is received on annual basis.

Guarantee and other financial facilities

At 31 December 2013, the Company had the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers, guarantee and other facilities as follows:

	2013	**2012**
Guarantees and Standby letters of Credit	8,130	-
Rental income recognised during year	103,875	93,397
Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:		
Within one year	103,875	93,397
After one year but not more than five years	519,375	295,834
More than five years	-	-
	623,250	**389,231**

Legal claims

Contingent liabilities relates to several court cases on land trespassing, alleged unfair termination of employment contracts and breach of business contracts all amounting to TZS 5.0 billion (2012: TZS 5.0 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.

34. COMMITMENTS AND CONTINGENCIES *(Continued)*

Tax assessment

The Company received in December 2007 an adjusted tax assessment for 2004 amounting to TZS 122.4 million. The Company filed an objection against this assessment in early 2008. The Tanzania Revenue Authority (TRA) has also carried out a tax audit of the years 2005 and 2006. TRA issued its external audit report on 18 December 2008. TRA and the Company are in agreement on all major issues raised in the report with one notable exception; the allegation that transactions between the Company and its related party, Scancem International DA, have not been carried out at arm's length. In mid-March 2009, TRA issued assessments amounting to a total of TZS 9.0 billion (transfer pricing of TZS 6.7bn; VAT of TZS 2.3bn). The Company filed objections to these assessments in April 2009 after having deposited the required 1/3 of the disputed assessments. In 2012 the TRA revised its assessment on transfer pricing to TZS 0.5bn and VAT to TZS 1.2bn. In 2013 the Company agreed to pay the VAT liability of TZS 1.2bn, this amount was recognised in profit and loss account during the year. The Company has filed objections to the revised assessment on transfer pricing. The objection is still pending with TRA. The disputed tax assessments (including the deposits) are not reflected in the net results for 2008 to 2013. Only the 1/3 deposit is reflected in the statement of financial position and classified as a short-term receivable.

	2013 TZS '000	2012 TZS '000
35. EARNINGS PER SHARE		
Profit attributable to ordinary equity holders	37,640,069,000	61,578,590,000
Weighted average number of ordinary shares	179,923,100	179,923,100
Basic and diluted earnings per share (TZS)	**209.20**	**342.25**

a. Basic earnings per share is calculated on the profit or loss after tax attributable to ordinary equity holders by the weighted average
number of ordinary shares outstanding during the year.

b. Diluted earnings per share is calculated on the profit or loss after tax attributable to ordinary equity holders by the weighted average
number of ordinary shares outstanding after adjustment of dilutive potential ordinary shares.

c. The basic and diluted earnings per share are the same as there are no convertible instruments.

36. SEGMENT REPORTING

The Company produces one product (cement) of two grades. The majority of revenue is derived from sale of cement (as disclosed in note 8) and the Board of Directors relies primarily on revenue from sale of goods to assess the performance. The revenue from external parties to the Board of Directors 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.

37. EVENTS AFTER THE REPORTING DATE

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

b. Interest rate risk

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

c. Liquidity risk

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

d. Foreign currency risk

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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

	Increase/decrease in the value of TZS vs. other currencies	Effect on profit before tax TZS'000	Effect on equity TZS'000
Net effect based on financial year end as at 31 December 2013	+10%	-1,431,488	-1,431,488
	-10%	+1,431,488	+1,431,488

The Company sensitivity analysis has been determined based on net transaction exposure as at 31 December 2013, a change in 10% is used when the net foreign currency transaction risk reported internally to key management personnel to assess reasonably possible change in foreign exchange rates.

	Exposure in EURO	Exposure in USD	Total in function currency
ASSETS			
Trade and other receivables	-	1,941,023	1,941,023
Cash and cash equivalent	42,225	23,775,612	23,817,837
LIABILITIES			
Trade and other payables	280,415	9,342,616	9,623,031
Exchange rate during the year were as follows			
On 1 January 2013	2,145	1,626	
On 31 December 2013	2,235	1,626	
On 1 January 2012	1,966	1,470	
On 31 December 2012	2,145	1,626	

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

e. Credit risk management

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

Collateral

The Company has not pledged or hold collateral at 31 December 2013 and 2012.

Maximum exposure to credit risk

	2013 TZS ' 000	2012 TZS '000
Trade receivables (Note 22)	10,839,581	12,349,406
Other short-term operating receivables (Note 23)	10,019,374	6,043,519
Bank and cash balances (Note 20)	43,488,040	54,567,099
	64,346,995	**72,960,024**

39. CAPITAL MANAGEMENT

The primary objective of the Company’s capital management is to maximise the shareholder value. In order to achieve this overall objective, the Company’s capital management, amongst other things, aims to ensurethat 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 and borrowing 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 Comapny’s policy is to keep the gearing ratio at 35%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 2012.

	2013	**2012**
	TZS ‘000	**TZS ‘000**
Financial assets:		
Long-term financial liabilities (Note 25)	343,521	397,874
Trade and other payables (Note 26)	37,731,328	28,278,311
Cash and cash equivalents (Note 20)	(43,488,040)	(54,567,099)
	(5,413,191)	(25,890,914)
Net debt		
Equity	223,802,270	213,029,612
Capital and net debt	218,389,079	187,138,698
Gearing ratio	-2%	-14%

40. FAIR VALUE ADJUSTMENTS

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2013:

	Carrying amount		Fair value	
	2013	2012	2013	2012
	TZS '000	TZS '000	TZS '000	TZS '000
Financial assets:				
Cash and bank balances	43,488,040	54,567,099	43,488,040	54,567,099
Trade receivables	10,839,581	12,349,406	10,839,581	12,349,406
Other short-term operating receivables	10,019,374	6,043,519	10,019,374	6,043,519
	64,346,995	**72,960,024**	**64,346,995**	**72,960,024**
Financial liabilities:				
Interest-bearing loans	343,521	397,874	343,521	397,874
Trade and other payables	37,731,328	28,278,311	37,731,328	28,278,311
Dividend payable	2,522,310	2,418,266	2,522,310	2,418,266
	40,597,159	**31,094,451**	**40,597,159**	**31,094,451**

41. LIQUIDITY RISK

Year ended 31 December 2013	On demand	Less than 3 months	3 to 12 months	2 to 5 years	Over 5 years	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Long-term financial liabilities	-	41,550	25,182	201,448	75,341	343,521
Trade and other payables	47,005	37,006,935	677,388	-	-	37,731,328
Dividend payable	2,522,310	-	-	-	-	2,522,310
	2,569,315	**37,048,485**	**702,570**	**201,448**	**75,341**	**40,597,159**
Year ended 31 December 2012						
Long-term financial liabilities	-	44,068	25,182	201,456	127,168	397,874
Trade and other payables	47,005	27,647,483	583,823	-	-	28,278,311
Dividend payable	2,418,261	-	-	-	-	2,418,266
	2,465,266	**27,691,551**	**609,005**	**201,456**	**127,168**	**31,094,451**

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 lenders.

As a result of our quarry rehabilitation efforts, we have managed to offer habitat for a variety of wildlife.

HEIDELBERGCEMENT Group

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

I/ We..

of(Address).. a shareholder/ shareholders of

Tanzania Portland Cement Company Ltd, hereby appoint(note1)

....

of(Address)

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

The Kibo Hall,
Hyatt Regency, The Kilimanjaro Hotel
Dar es Salaam
Date: 29.04.2013
at 3.00pm

and at any adjournment thereof

Signature..(note 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 jint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should

Form to be returned to:
The Secretary
CRDB Bank Plc.
Office Accommodation Scheme – Azikiwe Street, 4th Floor
P.O. Box 268
Dar-es-salaam
Tel. No. 022 – 2114237, 2117442 – Fax No. 022 -2131005
Email - jbrugambo@crdbbank.com or shareholders@crdbbank.com

HEIDELBERGCEMENT Group

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

Mimi/ Sisi...

wa S.L.P.. nikiwa mwanachama/ wanachama

wa Kampuni yaTanzania Portland Cement Company Ltd, Namchagua

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

The Kibo Hall,
Hyatt Regency, The Kilimanjaro Hotel
Dar es Salaam
Tarehe: 29.04.2013
saa tisa mchana

Kama shahidi saini yangu/ zetu leo

Sahihi..Tarehe..

Zingatia Yafuatayo:

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

Fomu irudishwe:
The Secretary
CRDB Bank Plc.
Office Accommodation Scheme – Azikiwe Street, 4th Floor
P.O. Box 268
Dar-es-salaam
Tel. No. 022 – 2114237, 2117442 – Fax No. 022 -2131005
Email - jbrugambo@crdbbank.com or shareholders@crdbbank.com

With the construction of the new cement mill TPCC will become the biggest Cement producer in East Africa.

HEIDELBERGCEMENT Group

TANZANIA PORTLAND CEMENT COMPANY LIMITED

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2013