



# 2017

ANNUAL REPORT

TANZANIA PORTLAND CEMENT COMPANY LIMITED

**CONSERVING THE ENVIRONMENT FOR FUTURE GENERATIONS**







Water pond rehabilitated area at TPCC Quarry.



## Financial Highlights

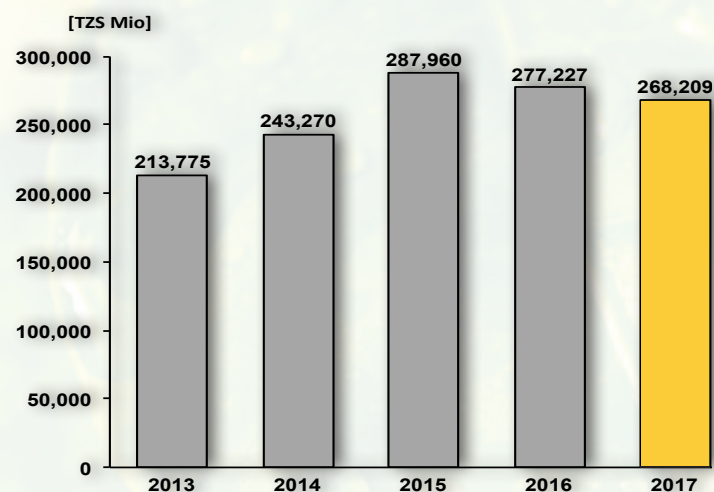
Figures in TZS' 1000	2013 TZS '000	2014 TZS '000	2015 TZS '000	2016 TZS '000	2017 TZS '000
Number of employees (yearly average)	341	318	313	291	286
<b>Income Statement</b>					
Revenue	213,775,188	243,269,641	287,959,748	277,226,967	268,209,096
Operating income before depreciations	62,595,247	89,875,999	93,056,168	74,166,028	80,739,178
Operating income	49,484,552	75,643,431	73,797,955	53,887,091	62,672,790
Profit/loss for the financial year	37,640,069	54,478,236	56,246,507	39,837,793	35,596,393
Earnings per share (TZS)	209.20	302.79	312.61	221.42	197.84
Dividend per share (TZS)	195.00	267.00	306.00	270.00	290.00
<b>Investments</b>					
Total investments in fixed assets	37,211,974	29,593,261	10,451,269	4,915,052	3,990,280
Depreciation and amortisation	-13,110,694	-14,232,568	-19,258,213	-17,912,591	-18,066,388
<b>Balance Sheet</b>					
Non-current assets	177,761,974	190,415,593	181,454,208	165,953,492	169,923,915
Current assets	116,719,236	122,706,699	127,185,787	119,551,637	118,227,582
Equity	223,291,173	229,711,529	213,903,961	197,212,498	186,465,797
Non-current liabilities	30,567,743	36,829,362	37,594,456	33,787,789	32,088,012
Current liabilities	40,622,294	46,581,401	57,141,579	54,504,842	69,597,688
Balance Sheet Total	294,810,210	313,122,292	308,639,995	285,505,129	288,151,497
Net debt [(+) means geared]	-5,413,191	7,022,542	4,459,782	12,607,702	10,904,562
<b>Ratios</b>					
OBD Margin	29%	37%	32%	29%	30%
OI Margin	23%	31%	-5%	23%	23%
Net debt/shareholders' equity (gearing)	-2%	3%	-5%	6%	6%
Net debt/OIBD	-0.09x	0.08x	-0.05x	0.15x	0.13x
<b>Memo items:</b>					
- Average exchange rate TZS/USD	1,658	1,707	2,097	2,252	2,246
- Closing exchange rate TZS/USD	1,626	1,770	2,224	2,248	2,244



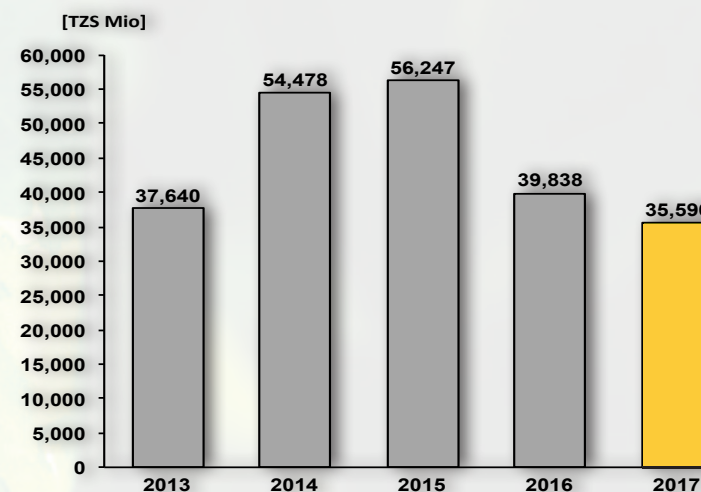


## Financial Highlights

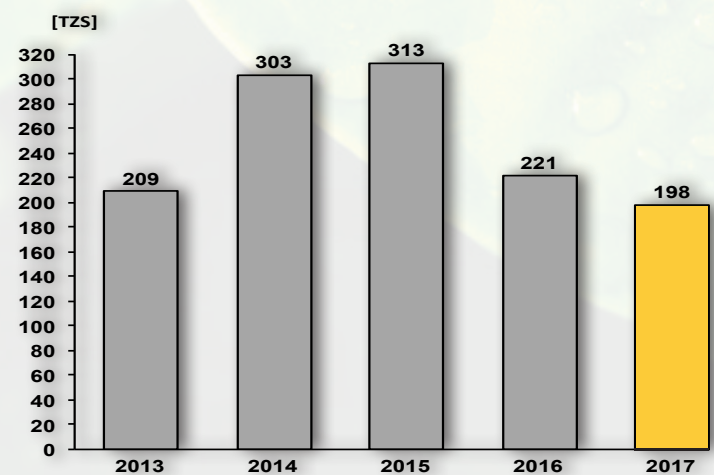
Revenue Development



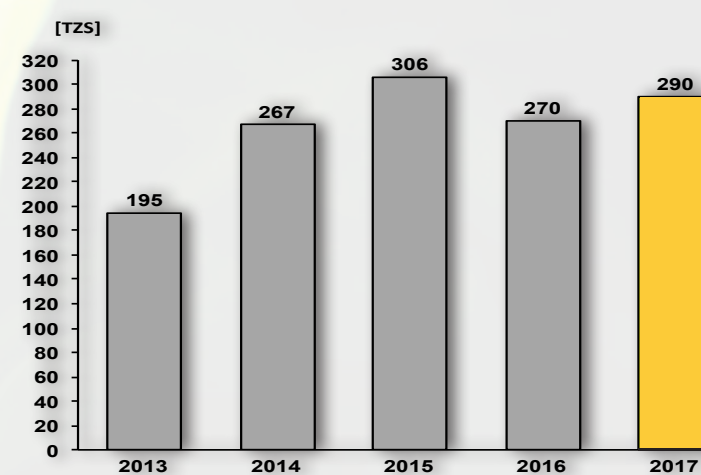
Profit/Loss in the Financial Year



Earning per Share



Dividend per Share





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## Company Information Taarifa Muhimu za Kampuni

**PRINCIPAL PLACE OF BUSINESS**  
**ENEOLA SHUGHULI ZA KAMPUNI**  
Tanzania Portland Cement Company Limited  
Wazo Hill  
P.O. Box 1950  
Dar es Salaam

**GROUP NAME**  
**JINA LA KIKUNDI**  
Heidelberg Cement AG  
Berliner Straße 6  
69120 Heidelberg  
Germany

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

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

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

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

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

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

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

**TAX ADVISORS**  
**WASHAURI WA MASWALA YA KODI**  
**KPMG, Tanzania**  
2nd Floor, The Luminary  
Haile Selassie Road, Masaki  
P.O. Box 1160  
Dar es Salaam

**AUDITOR**  
**WAKAGUZI WA HESABU ZA KAMPUNI**  
Ernst & Young  
4th Floor, Tanhouse Tower  
Plot 34/1 – Ursino South  
New Bagamoyo Road  
P.O. Box 2475  
Dar es Salaam, Tanzania





## Letter of Transmittal Barua ya Kuwasilisha

### **The Shareholders**

Tanzania Portland Cement Company Limited

### **Letter of Transmittal**

The Directors of the Company have the pleasure to submit to you the Annual Report for the Company for the year ended 31 December 2017 in accordance with section 166 of the Companies Act, 2002.

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

The Directors recommend a final dividend of TZS 290 per share (2016: TZS 270). The amount includes interim dividend of TZS 120 per share paid in October 2017 and TZS 70 per share paid in February 2018.



**Hakan Gurdal**

Board 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 Desemba 31, 2017, kwa mujibu wa ibara ya 166 ya Sheria ya Kampuni ya mwaka, 2002.

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

Bodi ya Wakurugenzi inapendekeza gawio la TZS 290 kwa kila hisa kwa mwaka 2017 (2016: TZS 270). Kiasi hicho kinajumuisha gawio la awali la TZS 120 kwa kila hisa lililolipwa mwezi Oktoba 2017 na TZS 70 kwa kila hisa lililolipwa mwezi Februari 2018.



**Hakan Gurdal**

Mwenyekiti wa Bodi  
Tanzania Portland Cement Company Limited



## Chairman's Statement



**Despite of the complex environment, in 2017 TPCC achieved record sales volumes. This was a result of high production efficiency, implementation of new commercial policies and the enhancement of product portfolio.**



### Dear Shareholders,

On behalf of the Board of Directors and the Twiga Cement family, it is both an honour and a privilege to deliver this statement, my first as Chairman of the Board. It therefore gives me great pleasure to report that during the year 2017 Tanzania Portland Cement Company Limited (TPCC) maintained its industry leadership, in a particularly difficult market environment characterised by new entrants and additional extra capacity. The TPCC management and all employees have demonstrated high flexibility and efficient management behaviour towards changes in the environment and thus contributed greatly to the strong market position of TPCC today.

In the previous years, Tanzania Portland Cement Company Limited (TPCC) implemented a HC Group program, called Continued Improvement Program (CIP), in order to leverage on the best practice experience from the HC Group. The implementation of CIP resulted in specific actions and adjustments necessary to maintain its competitive advantage and improve its operating efficiency. This included among other measures, the revamping of Kiln 3, the investment in new and enhanced grinding and packing facilities, the redesigning and implementation of all business processes. The integrated ERP system and the roll out of the Customer Excellence program, and shifting focus from product to service were also measures implemented in CIP. The preliminary results are promising and will be followed up on a regular basis.

**Mr. Hakan Gurdal**  
Board Chairman



### **Economic and Business Environment**

The Tanzanian economy grew at a pace of about 6.8% in 2017 (Source: TNBS) in line with the positive trend of previous years. The cement market is estimated to have grown below GDP rate, around 4%.

2017 has been characterised by the stability of TZS exchange rate versus main foreign currencies, which has assisted to control inflation, energy and fuel cost.

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

### **Financial Performance**

Despite of the complex environment, in 2017 TPCC achieved record sales volumes. This was a result of high production efficiency, implementation of new commercial policies and the enhancement of product portfolio.

Total revenue decreased by TZS 9.0bn (3%) compared to previous year due to decrease in prices, overall, TPCC was able to bank on brand recognition and quality to maintain healthy contribution margins. TPCC reached an Operating Profit of TZS 62.7bn mainly due to high efficient production processes, enhanced product portfolio as well as the sale of fixed asset.

Fixed and Variable costs were also reduced thanks to an efficient cost management program.

### **Prospects**

In a very competitive market, but with steady growth in cement demand, TPCC's strategic investments, customer focus orientations and fixed cost management, has set the basis for continuing meeting the company's long term objective to keep and extend its leadership position in the market.

### **Dividend**

The Board remains focused on building shareholder value and we are confident that by following our strategy, driving efficiencies and managing costs carefully, we will achieve this. The Board therefore proposes a dividend for 2017 of TZS 290 per share

compared to TZS 270 in previous year. The proposed dividend includes two interim amounts of TZS 120 per share and TZS 70 per share paid in October 2017 and February 2018 respectively.

### **Corporate Citizenship**

TPCC is fully committed towards sustainability and Social Corporate Responsibility and continues taking all necessary measures to improve its performance in aspects related to Health & Safety, environment protection, good governance, and human rights avenues.

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

### **Appreciation**

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



**Hakan Gurdal**

Board Chairman



**Bw. Hakan Gurdal**  
Mwenyekiti wa Bodi

## Maelezo Mafupi ya Mwenyekiti



**Pamoja na changamoto kwenye soko, katika mwaka wa 2017 Kampuni iliweza kufikia malengo ya mauzo ya saruji. Hii ilitokana na ufanisi katika uzalishaji wa saruji, utekelezaji wa sera mpya za masoko na maboresho katika bidhaa mbalimbali za saruji.**



### **Ndugu Wanahisa,**

Kwa niaba ya Bodi ya Wakurugenzi na familia ya Twiga, kwa heshima na taadhima nashukuru kwa fursa hii kuweza kuwasilisha taarifa hii kwa mara ya kwanza kama Mwenyekiti wa Bodi. Ninayo furaha kuwajulisha kuwa kwa mwaka 2017, Kampuni imeendelea kuwa kinara katika sekta ya saruji katikati ya mazingira magumu ya soko ikiwepo changamoto ya uwepo wa viwanda vipya vya uzalishaji saruji na ongezeko la uwezo wa ziada katika kuzalisha saruji. Uongozi wa Kampuni pamoja na wafanyakazi wote wameonyesha mabadiliko na ufanisi mkubwa katika kukabiliana na changamoto za soko na hii imechangia kwa kiasi kikubwa kuiweka Kampuni katika nafasi ya juu katika soko la saruji leo.

Miaka iliyopita, Kampuni ilitekeleza mpango maalum wa Kundi la Makampuni ya Heidelberg (HC Group program) wa kuboresha utendaji wa kazi (CIP), ili kuweza kutumia uzoefu dhabiti kutoka kwenye Kundi la Makampuni ya Heidelberg. Utekelezaji wa mpango huu umepelekea Kampuni kuweka malengo maalum na kufanya marekebisho yanayoivwezesha Kampuni kudumisha nafasi yake ya ushindani na kuongeza ufanisi mkubwa katika uendeshaji wa shughuli zake. Miongoni mwa maeneo yaliyoguswa na mpango huu ni uboreshaji wa kinu namba 3 (Kiln 3) cha uzalishaji klinka, uwekezaji mpya kwenye mitambo ya usagaji na upakiaji saruji, kupitia kwa upya na utekelezaji wa taratibu zote za uendeshaji kiwandani. Hatua nyingine zilizotekelezwa zilihusisha maeneo ya mifumo ya kompyuta na utekelezaji wa huduma kwa wateja (CEP) na kuweka mkazo zaidi kwenye kutoa huduma bora kwa wateja badala ya mtizamo kwenye bidhaa. Matokeo ya awali yanaonyesha mwelekeo unaoridhisha na kutakuwa na ufuatiliaji wa mara kwa mara.



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

Katika kipindi cha mwaka 2017, uchumi wa Tanzania ulikua kwa wastani wa asilimia 6.8 (Chanzo: TNBS) ikiwa sawa na kiwango cha ukuaji uchumi kwa miaka iliyopita. Soko la saruji linakadiriwa kukua chini ya pato la taifa (GDP), kwa wastani wa asilimia. 4. Katika kipindi hiki pia, thamani ya sarafu ya Tanzania (TZS) iliendelea kuimarika dhidi ya sarafu kubwa za kigeni, na hii ilisaidia kudhibiti mfumuko wa bei na gharama za nishati na mafuta.

Ongezeko la uwezo wa ziada katika kuzalisha saruji na shinikizo la bei vimebadilisha mwelekeo wa soko na pia kuchagiza uwezo wa uongozi wa Kampuni ya TPCC kukabiliana na changamoto hizi, huku juhudi zikiwekwa kwenye ufanisi wa mipango iliyowekwa tangu miaka iliyopita.

### **Utendaji wa Kifedha**

Pamoja na changamoto kwenye soko, katika mwaka wa 2017 Kampuni iliweza kufikia malengo ya mauzo ya saruji. Hii ilitokana na ufanisi katika uzalishaji wa saruji, utekelezaji wa sera mpya za masoko na maboresho katika bidhaa mbalimbali za saruji.

Mauzo katika mwaka 2017 yalipungua kwa shilingi bilioni 9.0 hii ikiwa ni asilimia 3 ikilinganishwa na mauzo ya mwaka uliopita. Hii ilitokana na kushuka kwa bei ya saruji katika soko kwa ujumla, hata hivyo Kampuni inajivunia kujulikana kwa bidhaa zake katika soko na ubora wa bidhaa ili kuiwezesha kupata faida. Faida ya undeshaji ilifikia shilingi bilioni 62.7 na hii ilisababishwa na ufanisi na udhibiti wa gharama za uzalishaji, maboresho katika bidhaa mbalimbali za saruji na mauzo ya rasilimali ambazo hazitumiki katika uzalishaji.

Gharama za uzalishaji na uendeshaji zimeendelea kupungua na hii imetokana na mpango wa ufanisi na udhibiti wa gharama.

### **Matarajio**

Katika soko lenye ushindani ambalo mahitaji ya saruji yanaendelea kuongezeka, uwekezaji katika uwezo wa kuzalisha saruji, wateja na pia kudhibiti gharama imefanya TPCC kuendelea kutimiza malengo yake ya muda mrefu na kuendelea kushika uongozi katika soko la saruji.

### **Gawio**

Bodi inaendelea kuhakikisha inaongeza thamani zaidi kwa wanahisa na tunaamini kuwa kwa kufuata sera, ufanisi na udhibiti wa gharama tutaweza kufikia malengo yetu. Hivyo basi, kwa mwaka 2017, Bodi imependekezwa gawio la TZS 290 kwa hisa ikilinganishwa na gawio la TZS 270 lililotolewa mwaka 2016. Gawio pendekezwa linajumuisha gawio la awali la TZS 120 na TZS 70 lililolipwa mwezi Oktoba 2017 na Februari 2018.

### **Uraia Mwema**

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

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


### **Hitimisho**

Kwa niaba ya Bodi, ningependa kuwashukuru wadau wote wa TPCC, washirika, wateja na wafanyakazi ambao wamekuwa na imani kubwa kwetu and bidhaa zetu katika mwaka uliopita. Zaidi ya yote, ningependa kutoa shukrani zangu za dhati kwa wanahisa kwa ushirikiano na imani kwa Kampuni. Tunaamini kuwa TPCC itaendelea kuongeza thamani kwa wanahisa wake.



**Hakan Gurdal**

Mwenyekiti wa Bodi

A man with a receding hairline, wearing a blue suit, a light blue striped shirt, and a blue patterned tie, is sitting in a black leather office chair behind a wooden desk. He has his hands clasped in front of him and is smiling at the camera. He is wearing a black and red digital watch on his left wrist. The background is a bright, slightly out-of-focus office interior with white walls and a window with blinds.

“TPCC is fully committed as market leader in the cement industry to support the growth of the Nation, accompanying Tanzania in its development efforts through high quality products to be delivered in all territory at an accessible price”

**Mr. Alfonso Velez**  
Managing Director



## Managing Director's Report

### Introduction

Year 2017 was overall a good year and TPCC was able to keep up with previous year results despite large overcapacities and stiff competition. Production and sales achieved new records though prices moved further downwards along the first half of the year to reach the lowest levels ever seen, in addition to this the cement plant had some minor unexpected repairs in the second half of the year due to severe rains during the month of May. All these challenges tested the team which always probed to be efficient, highly committed and very professional. TPCC has continued to improve its processes, as a consequence the clinker output increased, and the production cost was reduced to secure sustainable growth and remain competitive in such a difficult market environment.

The Operating Profit increased by 16% compared with the previous year also due to the sale of non-operational assets which has neutralized the strong price drop.

TPCC increased sales volume above 7% compared to year 2016, making a commercial effort to be present in all the territory and ensuring the brand recognition as a premium for all our customers.

Pressure on price will remain a challenge for the industry as far as large overcapacities are idle, but we are confident in our teams, products and services to find together with our customers the best solutions in such a competitive market place to ensure continuous value creation for our stakeholders.

### Sales

In 2017 TPCC reached a new sales record, the cement market continued to grow around 4%, but below GDP (6.8%) and below previous years, the continuous price drops were not able to trigger further the demand of cement. Tanzanian domestic market reached 4.5 million Mt, only 0.2 million Mt above the year before, and 50% of this volume has been capitalized by TPCC to achieve the 7.3% growth compared to year 2016, which is above market and GDP growth rate.

The cement industry in Tanzania includes six integrated plants and several grinding facilities with production capacity over 8.5 Mio tons, as a result utilization capacities are low, but TPCC has adapted to the new market conditions by reinforcing the commercial team, targeting all the regions in the Country and working together with our customers to position our products in every market segment. The overcapacity in the Tanzanian cement industry represents around 4 million Mt, this scenario will bring tough competition in the months to come, but despite this difficult market environment, TPCC is determined to remain the market leader by delivering top quality products and keeping the customer satisfaction in the target of all our efforts and actions.

### Operations

Year 2017 hit again the record in TPCC for production of clinker and cement. All operational parameters at TPCC for the year 2017 show again a positive trend in terms of clinker incorporation and plant

performance overall, confirming once more the need to focus on efficiency improvement and the reduction of production costs to remain competitive. We faced some organizational changes at plant level and started to apply Maintenance Improvement Performance (MIP) to optimize the utilization of own and third party resources according to Heidelberg standards.

We keep working with Continuous Improvement Process program (CIP) to identify saving opportunities and develop production improvements. In 2017 we have focused on processes debottlenecking and on clinker production increase but without considering high capital expenditure. We have also deeply analysed our quarry to better utilize our reserves and have improved the automation and instrumentation of our laboratory for quality assurance. In addition some major contracts, including the quarry, have been reviewed to ensure performance and cost optimization. We are confident that our cement plant is ready to face the new competition and operational challenges in full compliance with the environmental regulations.

### Financial Performance

Year 2017 has been a difficult year due to the overcapacity and competitive environment, but despite all these market constraints, TPCC managed to achieve an Operating Profit of 62.7 bn TZS, 16% above 2016, mainly due to higher sales (7%), lower selling and administrative expenses (19%), and the sale of fixed non-operating assets. Total revenue decreased by 3% compared to 2016 due to price decrease, but it has been partially offset by process and production improvements, with better performance indicators and by efficient cost management that becomes a must to face the current market environment. The cash flow position has also improved and our balance sheet remains robust and healthy to deliver good dividends to our shareholders one more year. Year 2017 was also critical to align processes and the organization at Group level, also a good opportunity for TPCC to lead the new East African Cluster with its best practices. All these efforts place TPCC in a good financial and market position to face the coming challenges with optimism.

### Corporate Citizenship

TPCC priority remains the same and it is to protect our employees and prevent potential accidents and incidents at the work place, the zero fatality target is a must, also to improve our performance indicators regarding Health and Safety as well as OHSAS 18001 certification renewal, and all of this happened in year 2017. Regarding our Environmental & Sustainability programs we have managed to reduce our dust emissions intensity, and trained over 1000 of our employees, students, suppliers and residents living near the cement plant in environment practices. At the same time in 2017, we heavily focused on the preparation of the certification of a new environment standard ISO 14001:2015 to be conducted and issued in 2018.

## Managing Director's Report

In December 2017, we had about 91,000 tree seedlings in our tree nursery for quarry rehabilitation and environment greening activities inside and outside the cement plant. On the other hand Corporate Social Responsibility has been ingrained in the Twiga Cement culture for many decades now, having being a major pillar of corporate citizenship support in Tanzania, and more especially to communities surrounding the cement plant. Today, we continue to advocate of corporate citizenship through our diversity programs, and sustainable business practices in all spheres of our operations. During the year 2017, TPCC spent more than Tzs150million on education, health and community outreach programs to known institutions and centres within the country. Close collaboration with government institutions continued in support of various community projects in Dar es Salaam and other regions.

### Future Ahead

TPCC is fully committed as market leader in the cement industry to support the growth of the Nation, accompanying Tanzania in its development efforts through high quality products to be delivered in all territory at an accessible price, due to our strong focus on production cost reduction initiatives and process improvement programs, always having as a priority our sustainability policies regarding the health and safety of our employees as well as our environmental policies. TPCC will lead the industry with high standards to become a reference for the community, making sure our customers and stakeholders are the beneficiaries of our different initiatives. TPCC will work to develop a culture of service to encourage the customer centred approach, which is necessary to differentiate our products. Our strategy is to grow with the Country despite large overcapacity and pressure on price that will remain the major challenges for the industry, but our Team is determined to keep our competitive edge with regard to the market and also to our operations. I am fully convinced that TPCC will continue to deliver good results in year 2018 and high value to our shareholders.





“

TPCC kama kiongozi katika sekta ya saruji, ina mchango katika ukuaji wa taifa na shughuli za maendeleo kwa kuhakikisha bidhaa za saruji zenye ubora wa hali ya juu zinasambazwa maeneo yote ya nchi kwa bei nafuu.

”

**Bw. Alfonso Velez**  
Mkurugenzi Mtendaji



## Taarifa ya Mkurugenzi Mtendaji

### Utangulizi

Pamoja na changamoto zilizotokana na ongezeko la uwezo wa ziada katika kuzalisha saruji na ushindani sokoni, mwaka 2017 ulikuwa mzuri na Kampuni iliweza kupita malengo ya mwaka uliopita. Uzalishaji na mauzo ya saruji yalifikia kiwango cha juu hata hivyo katika nusu ya kwanza ya mwaka bei ya saruji ilishuka kwa kiwango kikubwa sana ambacho hakijawahi kuonekana. Kwa kuongezea hayo, matengenezo madogo ya mitambo yalifanyika katika nusu ya pili ya mwaka kutokana na mvua kubwa zilizonyesha mwezi Mei. Changamoto hizi zimeweza kupima uwezo wa uongozi ambao siku zote unajitahidi kufanya kazi kwa ufanisi, ujasiri na kitaalam zaidi. Kampuni imeendelea kuboresha taratibu mbalimbali za utendaji, na hii imechangia kuongezeka kwa uzalishaji wa klinka, kupungua kwa gharama za uzalishaji na kuendelea kuifanya Kampuni kuwa na ukuaji endelevu na kubakia mshindani zaidi katika mazingira magumu ya soko.

Faida ya uzalishaji imeongezeka kwa asilimia 3 ikilinganishwa na mwaka uliopita na hii imechangiwa na mapato yalitokana na mauzo ya rasilimali ambazo hazitumiki katika uzalishaji. Mapato haya yalitokana na mauzo ya rasilimali yalipungua athari zilizotokana na kushuka kwa bei ya saruji katika soko. Usambazaji wa saruji uliongezeka kwa asilimia 7 ikilinganishwa na mwaka 2016, ongezeko hili linaifanya saruji yetu kuwepo maeneo yote na pia saruji chapa ya Twiga kuzidi kutambuliwa na wateja wetu.

Shinikizo la bei ya saruji litaendelea kuwa changamoto kwenye sekta ya uzalishaji saruji kama ongezeko la uwezo wa ziada katika kuzalisha saruji utaendelea kuwepo. Tuna imani kubwa na uongozi wa Kampuni, wafanyakazi wetu, bidhaa na huduma na kwa kushirikiana na wateja wetu kupata suluhisho sahihi katika soko lenye upinzani ili kuongeza thamani zaidi kwa wadau wetu.

### Mauzo

Mwaka 2017 Kampuni iliweka rekodi mpya katika usambazaji wa saruji na kwa upande mwingine soko la saruji limeendelea kukua kwa asilimia 4, hii ikiwa ni chini ya kiwango cha ukuaji wa pato la taifa (asilimia 6.8) na chini ya kiwango cha miaka iliyopita. Kuendelea kushuka kwa bei ya saruji hakukuweza kusababisha ongezeko la uhitaji wa saruji zaidi katika soko. Soko la ndani la saruji lilifikia tani milioni 4.5 ikiwa ni ongezeko la tani laki 2 tu ikilinganishwa na mwaka uliopita. Kampuni ilichangia asilimia 50 ya kiwango hicho na hivyo kufikia ukuaji wa asilimia 7.3 ikilinganishwa na mwaka 2016, kiwango hiki cha ukuaji ni zaidi ya kiwango cha ukuaji wa soko la saruji na pato la taifa.

Sekta ya saruji Tanzania, ina viwanda sita jumuishi vya kuzalisha saruji na viwanda kadhaa vya kusaga saruji vyenye uwezo wa kuzalisha zaidi ya tani milioni 8.5, kwa hiyo inaonekana uwezo wa matumizi ya saruji uko chini. Kampuni imechukua hatua ya kuboresha timu yake ya masoko ili kulenga kufikia mikoa yote nchini, na kushirikiana na wateja ili kuweka bidhaa zetu sehemu zote za soko. Uwezo wa ziada wa uzalishaji katika sekta ya saruji Tanzania umefikia takribani tani milioni

4, hii itasababisha ushindani zaidi katika miezi ijavyo, hata hivyo Kampuni imedhamiria kuendelea kushika uongozi katika soko kwa kuhakikisha kuwa bidhaa zenye ubora wa juu zinapelekwa sokoni na kukidhi mahitaji ya wateja.

### Uendeshaji

Mwaka 2017, Kampuni imeweza tena kupita malengo ya uzalishaji wa klinka na saruji. Viashiria vya uzalishaji vimeendelea kuwa na muelekeo chanya katika matumizi ya klinka na utendaji mzima wa kiwanda. Hii inathibitisha uhitaji wa kuboresha na kuongeza ufanisi na kupunguza gharama za uzalishaji ili kuifanya Kampuni kuwa ya ushindani zaidi.

Kampuni ilifanya mabadiliko katika uendeshaji wa kiwanda, kwa kutekeleza mpango wa uboreshaji wa matengenezo kiutendaji (MIP) ili kuweza kutumia rasilimali za ndani na nje kulingana na viwango vilivyowekwa na Kampuni mama (Heidelberg). Tunaendelea na mpango wa kuboresha utendaji wa kazi (CIP) ili kutambua fursa za kupunguza gharama na kuboresha uzalishaji. Mwaka 2017, tulilenga kuondoa vikwazo katika taratibu zote za uendeshaji na kuongeza uzalishaji wa klinka bila kuingia gharama kubwa.

Tumefanya uchambuzi wa kina wa machimbo ili kutumia vyema hazina iliyopo na pia tumeboresha huduma zetu za maabara ili kuhakikisha ubora wa bidhaa zetu. Tumepitia upya mikataba mikubwa ukiwamo ule wa uchimbaji mawe ya chokaa ili kuleta ufanisi na kupunguza gharama. Tuna uhakika kuwa kiwanda chetu kipo dhabiti kukabiliana na changamoto za ushindani na uendeshaji na wakati huo tukikidhi sheria za mazingira.

### Hali ya Kifedha

Ilapokuwa mwaka 2017, kumekuwa na changamoto nyingi za ongezeko la uwezo wa ziada wa uzalishaji na mazingira ya ushindani, Kampuni iliweza kupata faida ya uendeshaji ya TZS 62.7bn, ambayo ni sawa na asilimia 16 zaidi ya mwaka 2016, hii imechangiwa na ongezeko la usambazaji wa saruji (asilimia 7), kupungua kwa gharama za usambazaji na utawala (asilimia 19) na faida iliyotokana na mauzo ya rasilimali za Kampuni. Mauzo ya saruji yalipungua kwa asilimia 3 ikilinganishwa na mwaka 2016 kutokana na punguzo la bei ya saruji. Hata hivyo, athari hiyo ilipunguzwa na uboreshaji wa taratibu za uendeshaji na uzalishaji, vilivyopelekea viashiria chanya na ufanisi katika kupunguza gharama ambavyo ni muhimu katika kukabiliana na mazingira ya sasa ya soko.

Uwezo wa kifedha umezidi kuimarika na mizania ikionyesha uwezo wa kulipa gawio kwa wanahisa wetu kwa mwaka mmoja zaidi. Mwaka 2017, Kampuni mama iliweka taratibu za kiutendaji na kiutawala ambazo ziliipa TPCC fursa nzuri ya kuongoza klasta ya Afrika Mashariki kwa utendaji wake bora. Jitihada hizi zote zinaiweka Kampuni katika hali nzuri kifedha na katika soko kuweza kukabiliana na changamoto zijazo kwa uthabiti zaidi.





## Taarifa ya Mkurugenzi Mtendaji

### Uraia Mwema

Vipaumbele vyetu kwa mwaka 2017 havijabadilika na tumeendelea kuhakikisha usalama wa wafanyakazi na pia kuzuia ajali au matukio hatarishi mahali pa kazi. Malengo yetu nikutokuwa na majanga mahali pa kazi na tunaendelea kuboresha vigezo vya afya na usalama na pia kupata cheti cha OHSAS 18001.

Kwa kupitia programu zetu endelevu za mazingira tumeweza kupunguza kiwango cha umbi na pia kutoa mafunzo kwa washiriki zaidi ya 1,000 ikiwamo wafanyakazi, wanafunzi, wagavi na jamii inayozunguka kiwanda chetu cha saruji. Mwaka 2017, tulijikita pia katika maandalizi ya kupata cheti kipya cha viwango vya mazingira ISO 14001:2015 kitakacho hakikiwa na kutolewa mwaka 2018.

Hadi kufikia mwezi Desemba, 2017, tulikuwa tumeotesha miche ya miti takribani 91,000 kwenye vitalu vyetu kwa ajili ya kuboresha mazingira ndani na nje ya kiwanda. Kwa miaka mingi Kampuni yetu imejenga utamaduni wa kujihusisha na mambo ya uraia mwema kama nguzo mojawapo ya kusaaidia shughuli hizo Tanzania na hasa jamii inayozunguka kiwanda chetu. Hata leo tunaendelea kuhimiza uraia mwema kupitia programu zetu mbalimbali na endelevu katika maeneo yote ya utendaji. Katika kipindi cha mwaka 2017, Kampuni ilitumia kiasi cha shilingi milioni 150 kwenye nyanja za elimu, afya, programu mbalimbali za kijamii zinazofanywa na taasisi na vituo mbalimbali ndani ya Tanzania. Tumeendelea kushirikiana na taasisi za Serikali katika kutekeleza miradi mbalimbali ya kijamii iliyopo Dar es Salaam na katika mikoa mingine.

### Matarajio

TPCC kama kiongozi katika sekta ya saruji, ina mchango katika ukuaji wa taifa na shughuli za maendeleo kwa kuhakikisha bidhaa za saruji zenye ubora wa hali ya juu zinasambazwa maeneo yote ya nchi kwa bei nafuu. Hii inatokana na jitihada zenye mrengo wa kupunguza gharama za uzalishaji, uboreshaji wa taratibu za uendeshaji na mifumo ya kazi, ikiwa na kipaumbele katika sera endelevu za afya na usalama kwa wafanyakazi na mazingira.

TPCC itaendelea kuongoza katika sekta ya saruji kwa viwango vya juu na kubakia mfano bora katika jamii, na kuhakikisha kuwa wateja na wadau wetu wanafaidika na jitihada mbalimbali zinazofanywa na Kampuni. TPCC itahimiza utamaduni wa utoaji wa huduma unaozingatia mahitaji ya wateja, ambao ni muhimu katika kutofautisha bidhaa zetu. Pamoja na changamoto za ongezeko la uwezo wa ziada wa uzalishaji na shinikizo la bei ya saruji, sera za Kampuni zimejikita katika kuhakikisha ukuaji na pia kuwa na timu yenye ushindani zaidi katika masoko na shughuli za uendeshaji.

Nina imani kabisa kuwa Kampuni itaendelea kuwa na matokeo mazuri mwaka 2018 na thamani zaidi kwa wanahisa.



## Directors' Biography/ Sifa za Wakurugenzi



**Mr. Hakan Gurdal**  
Turkish/ Mturuki

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

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

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



**Mr. Alfonso Rodriguez**  
Spanish/ Mhispania

**(Masters Degree in Business Administration (MBA) and Masters Degree in Real Estate Development)**

Mr. Alfonso Rodriguez was the Chairman of the Board of Directors of TPCC and the General Manager for Central and South-East Africa operations which comprised of Tanzania, Congo DRC, Mozambique and South Africa up to August 2017. Prior to these positions, Alfonso was the Managing Director for TPCC and CIMBENIN. Alfonso 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.

Bw. Alfonso Rodriguez alikuwa Mwenyekiti wa Bodi ya Wakurugenzi wa TPCC na Meneja Mkuu wa kanda ya Kati na Kusini Mashariki ya Afrika, ambayo hujumuisha nchi za Tanzania, Congo DRC, Msumbiji na Afrika Kusini mpaka mwezi Agosti 2017. Kabla ya nyathifa hizi, Alfonso alikuwa Mkurugenzi Mkuu wa TPCC na CIMBENIN. Alfonso ana uzoefu wa muda mrefu katika sekta ya saruji na amewahi kufanya kazi katika nchi za Marekani, Hispania, China, Senegal, Misri na Gambia.



**Mr. Alfonso Velez**  
Spanish/ Mhispania

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

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

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







**Mr. Gary Whitehead**  
British/ Muingereza

(FCCA)

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

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



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

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

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

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



**Ruth Henry Zaipuna**  
Tanzanian/ Mtanzania

(Masters Degree in Business Administration, CPA-PP)

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

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



## Key Management Personnel

**Mr. Jesse Shuma**  
Director of Human Resources

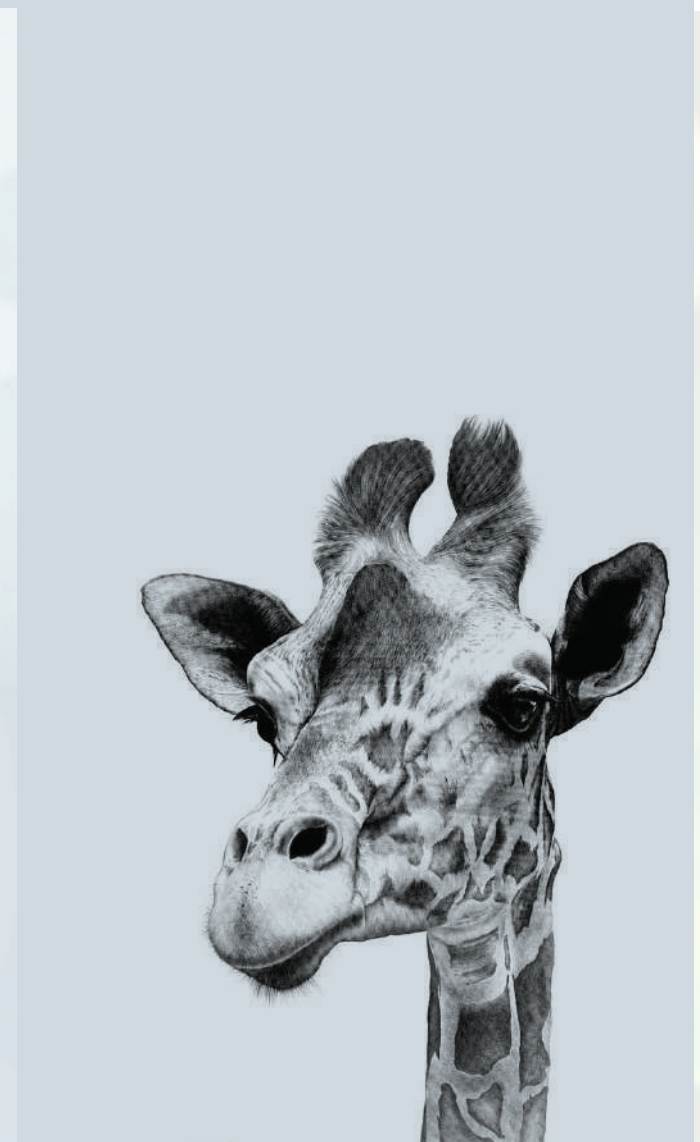
**Mr. Gregory Ndimbo**  
Internal Audit & Quality  
Assurance Manager

**Mr. Ahmed Elsayy**  
Plant Manager

**Mr. Richard Magoda**  
Environmental Manager

**Mr. Alfonso Velez**  
Managing Director





**Mr. Jerome Mwakabaga**  
Health & Safety Manager

**Mr. Luis Llimos**  
Finance Director

**Mr. Yves Mataigne**  
Sales and Marketing Director

**Mr. Peter Mohamed**  
Procurement Manager

## Directors' Report

The directors present their report and the audited financial statements for the financial year ended 31 December 2017 which disclose the state of affairs of Tanzania Portland Cement Company Limited ("the Company" or "TPCC").

### 1. INCORPORATION

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

### 2. COMPANY'S VISION

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

### 3. COMPANY'S MISSION

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

### 4. PRINCIPAL ACTIVITIES

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

### 5. QUALITY STATEMENT

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

### 6. DIRECTORS

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

Name	Title	Nationality	Age	Qualification
Mr. Alfonso Rodriguez	Chairman up to 29 August 2017	Spanish	48	MBA
Mr. Gary Whitehead	Director	British	47	FCCA
Mr. Alfonso Velez	Managing Director	Spanish	49	MBA
Mr. Hakan Gurdal	Chairman from 29 August 2017	Turkish	49	Engineer, MBA
Mr. Oswald Martin Urassa	Director	Tanzanian	52	B.com, MBA, CPA(T)
Mrs. Ruth Henry Zaipuna	Director	Tanzanian	44	B.com, MBA, CPA(T)

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

The Company Secretary during the year ended 31 December 2017 was Mr Brian Kangetta (Kenyan), 40 years old.

### 7. AUDIT COMMITTEE

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

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

### 8. DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

Number of Shares	2017	2016
Mr. Oswald Martin Urassa	500	100

### 9. DIRECTORS' REMUNERATION

The Company paid a total of TZS 106.2 million (2016: TZS 104.5million) for services rendered by Directors of the Company and members of the Audit Committee.





### 10. KEY MANAGEMENT PERSONNEL OF THE COMPANY

The key management personnel who served the Company during the year ended 31 December 2017 were:

Name	Title
Alfonso Velez	Managing Director
Luis Llimos	Finance Director
Jesse Shuma	Director of Human Resources
Simon Delens	Sales and Marketing Director (up to 30 June 2017)
Yves Matairene	Sales and Marketing Director (from 1 July 2017)
Tom Dijkstra	Plant Manager (up to 30 June 2017)
Ahmed Elsayy	Plant Manager (from 1 August 2017)
Peter Mohamed	Procurement Manager
Richard Magoda	Environmental Manager
Jerome Mwakabaga	Health & Safety Manager
Gregory Ndimbo	Internal Audit & Quality Assurance Manager

### 11. REVIEW OF THE BUSINESS

The Company recorded an increase in sales volume of 7% from 2016 to 2017. The turnover decreased from TZS 277.2 billion in 2016 to TZS 268.2 billion in 2017, a decrease of 3%. The competitive environment in the market and the subsequent increase in total market capacity provoked price reduction of cement and thus a decrease in turnover.

The Company made a total operating profit of TZS 62.7 billion compared to TZS 53.9 billion in 2016, an increase of 16%. The increase in operating profit was a result of cost reductions and disposal of property. Profit before tax increased from TZS 57.4 billion in 2016 to TZS 65.6 billion in 2017.

After the effect of income tax of TZS 30.0 billion (2016: TZS 17.6 billion), the net profit for the year was TZS 35.6 billion (2016: TZS 39.8 billion). Total comprehensive income amounted to TZS 34.2 billion (2016: TZS 38.7 billion).

The Operating result are shown on page 44.

### 12. FUTURE PROSPECTS OF THE COMPANY

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

#### Gas project

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

### 13. SOLVENCY EVALUATION

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

### 14. ENVIRONMENTAL CONTROL PROGRAMME

#### Quarry Rehabilitation

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

Quarrying activities continue in line with the Company's environmental policy and commitment to re-naturalise the quarry. The Company is demonstrating its commitment by doing rehabilitation in the area where there is no more mining activities, supporting environmental conservation activities and also capacity building to surrounding communities and other stake holders to create environmentally responsible community. By 31 December 2017 approximately 18 hectares in the quarry were completely rehabilitated, 231,581 seedlings were already raised in the quarry and 61,086 trees

## Directors' Report

planted in the quarry with a survival rate of 80.3%. A total of 387 trees planted during the year and 6,826 trees were donated to stakeholders. The total number of trees donated to various stakeholders by the end of December 2017 was 88,312 trees.

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

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

TPCC continues to maintain the ISO 14001 certification, the Company is now in a transition process from ISO 14001:2004 to ISO 14001:2015 by identifying activities which should be considered by relevant interested parties and increase understanding of the context of ISO 14001:2015. The Company continues to strive to improve its Environmental Management Systems by keeping abreast with environmental trends and implementing its objective and targets by following planned Environmental Monitoring Programmes as per the national and Heidelberg Cement requirements last measurement done in January 2018.

## **15. HEALTH AND SAFETY**

At TPCC, occupational health and safety continues to be a top priority. Besides the continued improvement of technical and organizational safety standards within the Company, TPCC intensified its efforts in 2017 to reinforce the awareness of all employees, contractors and transport companies towards a safety culture.

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

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

## **16. MAJOR EVENTS**

In 2017, TPCC undertook the major rehabilitation of cement mill number three (CM 3). The project was completed in December 2017 and the Company expects improvements in the production of cement products.

## **17. EMPLOYEE WELFARE**

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

The relationship between employees and management for the year ended 31 December 2017 continued to be good. There were no unresolved complaints received by management from employees during the year. A healthy relationship continues to exist between management and the Trade Union. A voluntary agreement entered into between the Tanzania Union of Industrial and Commercial Workers (TUICO) and the Company governs the relationship between management and employees.

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

As at 31 December 2017, the Company had 286 employees, out of which 28 were female and 258 were male (2016: Total 280; female 28 and male 252).

### **c. Medical facilities**

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

### **d. Industrial safety**

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

### **e. Training**

The Company consistently invests in personnel development including employing and training qualified talent. Technical and managerial skills are essential in ensuring sound operational management and maintenance of technology in the plant. During the year TPCC, focused on occupational health and safety, Group compliance policy, financial management, quality management, and leadership development.

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





### f. Employee benefits

Salary levels are adjusted annually within the Company's means after negotiations between TUICO and management. The 2017 salary increments were agreed in April 2017. During the year under review, all employees under contract had income levels of TZS 7.8m per annum or more.

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

### g. Equal opportunities and Disabled persons

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

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

## 18. CORPORATE GOVERNANCE

### a. Code of Corporate Practice and Conduct

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

### b. The Board of Directors

The Board currently comprises six directors; five Non-Executive Directors and the Managing Director. The roles of Chairman and Managing Director are separate. The Board is responsible to shareholders for the overall management of the Company, for setting strategy and policies, monitoring of operational performance, risk management processes and setting of authority levels. The Board met 3 times in 2017 (2016: 3 times).

### c. The Audit Committee

The Board is assisted in the discharge of its responsibilities related to financial reporting, compliance, risk management, accounting and information systems management by the Audit Committee. The Audit Committee is chaired by one of the Non-Executive Directors. Meetings are held throughout the year and are attended by senior management and the Company's auditors where necessary. The Audit Committee met 3 times in 2017 (2016: 3 times).

### d. Performance evaluation and reward

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

### e. Risk management and internal control

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

### f. Business ethics and organizational integrity

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

### g. Management reporting, financial reporting and auditing

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

## 19. RISK MANAGEMENT

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

## Directors' Report

This will ensure that:

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

The Company utilises the Company's financial regulations, Group and Company internal audits, Group compliance audits, Group environment and safety audits, Code of business conduct, anti-corruption guidelines, general macro and micro-economic data, and market surveys to put in place the process for assessing and supervising the internal control and risk management. This position has been strengthened by the Audit Committee which reviews the effectiveness of the risk management system on a regular basis. Risks that may have significant impact on the Company's assets and financial position for the year ended 31 December 2017 are classified as operational risks, market risks and financial risks:

### Operational risk

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

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

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

### Market risk

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

### Financial risks

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

## 20. KEY STRENGTHS AND RESOURCES

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

### Competent Management and Personnel

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

### Strong Brand and Quality Products

Twiga Cement is a well-known cement brand in the market and synonymous of high quality. The brand and quality of TPCC products give to the Company competitive advantage in the market. To meet the quality demand of the market, the Company produces four cement products i.e., OPC 42.5N (for the purpose of bulk delivery and is used for the professional market in construction of bridges and high rise buildings), Twiga Plus, Twiga Extra and Twiga Jenga. With well-defined, diversified distribution network and the fleet of trucks owned by the distributors of the Company, our products can reach remote parts of the country. The Company also exports its products to various countries in the Central and East Africa Sub-Region.

### Market Position

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





### Technical Support

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

### Technology and Machinery

The Company will continue to invest in modern technology; this includes the recent revamping of CM3 which occurred in 2017 and the installation of state of art training facility equipped with the cement mill mode and car driving simulator to enhance cement production process.

### High Quality Limestone Reserves

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

## 21. POLITICAL AND CHARITABLE DONATIONS

During the year under review, the Company made donations and other contributions of a charitable nature valued at about TZS 94.3 million (2016: TZS 69.7 million). There were no political donations. Besides the donations, the Company has also been involved in Corporate Social Responsibility, targeting women, health care, education and children. The total contributions were TZS 76.5 million (2016: TZS 69.3 million).

## 22. DIVIDENDS

The Directors recommend payment of TZS 17.99 billion (TZS 100 per share) to shareholders as final dividend for year 2017. The final dividend will be approved in the annual general meeting and paid in June 2018. During the year the Company paid TZS 10.79 billion (TZS 60 per share) as final dividend for financial year 2016 in June 2017, first interim dividend of TZS 21.59 billion (TZS 120 per share) in October 2017 and second interim dividend of TZS 12.59 billion (TZS 70 per share) paid in February 2018. In making this proposal the Directors have taken into account the financial situation of the Company and its future needs for implementing replacement and improvement projects.

## 23. SUBSEQUENT EVENTS

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

## 24. RELATED PARTY TRANSACTIONS

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

The Company imports raw materials, spare parts and consumables from Scancem International DA. Details of related party transactions are shown in Note 30 of the financial statements.

## 25. SHARE CAPITAL

The total issued share capital of the Company amounts to 179,923,100 ordinary shares (2016: 179,923,100 ordinary shares). There is no change in the issued share capital.

The shareholding of the Company is as stated below:

Name	2017 (%) Shareholding	2016 (%) Shareholding
Scancem International DA	69.25	69.25
General Public	30.53	30.37
Wazo Hill Saving and Credit Cooperative Society	0.22	0.38
	<b>100.00</b>	<b>100.00</b>

## 26. ACCOUNTING POLICIES

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

## 27. SHAREHOLDERS OF THE COMPANY

The total number of shareholders as at 31 December 2017 was 9,639 shareholders (2016: 9,750 shareholders). The following were the ten largest shareholders of the Comp

## Directors' Report

Name	Nationality	2017 % of Shareholding	2016 % of Shareholding
Scancem International DA	Norwegian	69.25	69.25
Parastatal Pension Fund	Tanzanian	5.42	5.42
Standard Chartered Bank Uganda	Ugandan	5.00	4.02
Public Service Pension Fund	Tanzanian	1.77	2.75
National Social Security Fund	Tanzanian	1.24	1.24
Murtaza Basheer Nasser	Tanzanian	0.90	0.90
Umoja Unit Trust Scheme	Tanzanian	0.79	0.76
Sayed H. Kadri/ Basharat Kadro Mehboob Kadri / Khalid / Muzammil Kadri	Tanzanian	0.59	0.57
Government Employees Provident Fund	Tanzanian	0.56	0.56
Said Salim Awadh Bakhresa	Tanzanian	0.51	0.51

### 28. 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 2017 shares of the Company were continuously traded in the secondary market through auctions organised by Dar es Salaam Stock Exchange (DSE). In the year 2017 the performance of the Company's shares in the secondary market was as follows: Market capitalisation as at 31 December 2017 was TZS 269.88 billion (2016: TZS 412.02 billion). The share price prevailing as at 31 December 2017 was TZS 1,500 per share, below from TZS 2,290 one year earlier (IPO price was TZS 435 per share).

### 29. AUDITORS

Ernst & Young were the Company's auditors for the year 2017. They have expressed their willingness to continue as auditors and are eligible for reappointment. A resolution proposing the re-appointment of Ernst & Young as auditors of the Company for the year 2018 will be put to the Annual General Meeting.

#### By Order of the Board

Approved by the Board of Directors on 25 April 2018 and signed on its behalf by:



Name:

**Alfonso Velez**

Title:

**Director**



Name:

**Ruth Zaipuna**

Title:

**Director**









## Taarifa ya Wakurugenzi

Wakurugenzi wanayo furaha kuwasilisha taarifa yao pamoja na Hesabu za Kampuni ya Tanzania Portland Cement Company Limited (TPCC) zilizokaguliwa kwa mwaka ulioishia tarehe 31 Desemba 2017.

### 1. KUSAJILIWA

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

### 2. MAONO YA KAMPUNI

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

### 3. MWONGOZO WA KAMPUNI

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

### 4. SHUGHULI KUU

Shughuli kuu ya kampuni ni uzalishaji na uuzaji wa saruji

### 5. SERA YA UBORA

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

### 6. WAKURUGENZI

Wajumbe wa Bodi ya wakurugenzi ambao wamekuwa wakurugenzi kwa kipindi chote cha mwaka 2017 isipokuwa inapoonyeshwa vinginevyo ni hawa:

Jina	Wadhifa	Utaifa	Umri	Sifa
Bw. Alfonso Rodriguez	Mwenyekiti mpaka 29 Agosti 2017	Mhispania	48	MBA
Bw. Gary Whitehead	Mkurugenzi	Mwingireza	47	FCCA
Bw. Alfonso Velez	Mkurugenzi mtendaji	Mhispania	49	MBA
Bw. Hakan Gurdal	Mwenyekiti kuanzia 29 Agosti 2017	Mturuki	49	Engineer, MBA
Bw. Oswald Martin Urassa	Mkurugenzi	Mtanzania	52	B.com, MBA, FCPA
Bi. Ruth Henry Zaipuna	Mkurugenzi	Mtanzania	44	B.com, MBA, CPA (T)

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

Katibu wa Kampuni kwa mwaka ulioishia 31 Disemba 2017 alikuwa Bw. Brian Kangetta (Mkenya), umri miaka 40.

### 7. KAMATI YA UKAGUZI

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

Jina	Utaifa	Sifa
Bw. Gary Whitehead	Mwingireza	FCCA
Bw. Dominic Michel	Mjerumani	Bachelor BA
Bi. Ruth Henry Zaipuna	Mtanzania	B.com, MBA, CPA (T)





## Taarifa ya Wakurugenzi

### 8. WAKURUGENZI WANAHISA

Idadi ya Hisa	2017	2016
Bw. Oswald Martin Urassa	500	100

### 9. MALIPO YA WAKURUGENZI

Kampuni ililipa jumla ya TZS 106.2 milioni (2016: TZS 104.5 milioni) kwa huduma zilizotolewa na wakurugenzi na wajumbe wa kamati ya ukaguzi.

### 10. UONGOZI WA KAMPUNI

Safu ya uongozi wa kampuni kwa mwaka ulioishia 31 Disemba 2017 ilikua kama ifuatavyo

Jina	Cheo
Alfonso Velez	Mkurugenzi mtendaji
Luis Llimos	Mkurugenzi Fedha
Jesse Shuma	Mkurugenzi Rasilimali watu
Simon Delens	Mkurugenzi Mauzo na Masoko (mpaka June 2017)
Yves Mataigne	Mkurugenzi Mauzo na Masoko (kuanzia July 2017)
Tom Dijkstra	Meneja Mitambo (mpaka June 2017)
Ahmed Elsayy	Meneja Mitambo (Kuanzia August 2017)
Peter Mohamed	Meneja Manunuzi
Richard Magoda	Meneja mazingira
Jerome Mwakabaga	Meneja Afya na Usalama
Gregory Ndimbo	Meneja Ukaguzi wa ndani na Uhakiki wa Ubora.

### 11. TATHMINI YA BIASHARA

Usambazaji wa saruji uliongezeka kwa asilimia 7 ikilinganishwa na mwaka 2016. Mauzo yalipungua kutoka TZS 277.2 billioni mwaka 2016 hadi kufikia TZS 268.2 billioni mwaka 2017, hii ikiwa ni pungufu ya 3%. Ushindani katika soko na ongezeko la uwezo wa ziada katika uzalishaji wa saruji vilisababisha anguko la bei na hivyo kupunguza mapato yatokanayo na mauzo ya saruji.

Kampuni ilipata faida ya uendeshaji ya TZS 62.7 billioni ikilinganishwa na TZS 53.9 billioni mwaka 2016, ikiwa ni ongezeko la asilimia 16. Ongezeko la faida ya uendeshaji lilitokana na kupungua kwa gharama za uendeshaji na faida itokanayo na mauzo ya rasilimali. Faida kabla ya kodi iliongezeka kutoka TZS 57.4 billion mwaka 2016 hadi kufikia TZS 65.6 billioni mwaka 2017.

Baada ya kukokotoa kodi kiasi cha TZS 30.0 billioni (2016: TZS 17.6 billioni), faida iliyobaki ilikuwa TZS 35.6 billioni (2016: TZS 39.8 billioni). Jumla kuu ya mapato ilifikia TZS 34.2 billion (2016: TZS 38.7billion).

Hali halisi ya mwenendo wa kibiashara inaoneshwa katika ukurasa wa 44 wa Taarifa ya Mwaka.

### 12. MATARAJIO YA KAMPUNI KWA SIKU ZIJAZO

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

#### Mradi wa Gesi

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

### 13. UWEZO WA KULIPA

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

## Taarifa ya Wakurugenzi

### 14. MPANGO WA UDHIBITI WA MAZINGIRA

#### Uboreshaji wa Machimbo

Shughuli za uchimbaji zinaweza kuwa na athari kwenye mazingira ikizingatia udongo hutolewa na muonekano wa ardhi unabadilika au vyanzo vya maji vinaweza kuharibiwa. Wakati au baada ya kuchimba, uboreshaji wa mandhari ya ardhi iliyochimbwa hufanyika na kuhakikisha maisha ya viumbe hai yanatunzwa na kuimarishwa. Uboreshaji wa mazingira unategemea sana hali ya viumbe hai, ushirikiano na watu mbalimbali, wataalamu na motisha ya Kampuni. Shughuli za uchimbaji zimeendelea sambamba na sera ya mazingira ya Kampuni inayotilia mkazo zaidi katika kutunza asili ya machimbo. TPCC inaonyesha dhamira yake katika kuboresha mazingira ya machimbo, kusaidia shughuli za uhifadhi wa mazingira, na kuijengea uwezo jamii inayoizunguka kiwanda na wadau wengine ili kujenga jamii inayojali mazingira.

Hadi kufikia 31 Desemba 2017, takribani hekta 18 za machimbo zilikuwa zimeboreshwa, jumla ya miche 231,581 ilikuwa imeshaoteshwa kwenye vitalu na jumla ya miti 61,086 imekwisha pandwa kwenye machimbo yenye uwezekano wa kuishi kwa 81.30%. Kufikia Desemba 2017, jumla ya miche 88,312 ilikuwa imegawiwa kwa wadau mbalimbali. Kampuni inaelewa wajibu wake kwa wakazi na jamii nzima na fursa ya kukuza faida za kufanya shughuli za uchimbaji mawe. Tangu mwanzo wa mradi, TPCC imefanya matukio kumi na sita (16) rasmi ya kujenga ufahamu na uwezo kwa wageni, hasa kwa vikundi vya vijana na wanafunzi kwa imani kwamba kupitia elimu ya mazingira kwa wanafunzi wanaweza kuwa kichocheo cha mabadiliko na maamuzi chanya ya baadaye katika matumizi bora ya mazingira.

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

Kampuni inaendelea kuzingatia kasharti ya kiwango cha kimataifa cha ubora wa mazingira ISO 14001. Kampuni kwa sasa iko katika kipindi cha mpito kutoka ISO 14001:2014 kwenda ISO 14001:2015 kwa kuainisha shughuli zinazoweza kuchukuliwa kuwa ni muhimu na pande husika na kuongeza ufahamu wa muktadha wa ISO 14001:2015. Kampuni inaendelea kuboresha mfumo wake wa uhifadhi wa mazingira kwa kwenda sambamba na maendeleo ya uhifadi mazingira na malengo iliojiwekea. Ukaguzi wa kuhakiki masharti ya viwango vya kimataifa vya mazingira unategemewa kufanyika mwezi Januari 2018.

### 15. 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

2017 kuwaelimisha wafanyakazi wote, makandarasi na kampuni za usafirishaji juu ya kuwa na utamaduni wa usalama. Kampuni inatekeleza mfumo wa kuratibu masuala ya afya na usalama mahali pa kazi (OHMS) kama sehemu ya mkakati wa kudhibiti vihatarishi na ina cheti cha kiwango cha OHSAS 18001:2007. Mfumo wa utaratibu wa menejimenti ya kazi unaoendana na kiwango cha kimataifa cha OHSAS 18001:2007, unahitaji mpango madhubuti, sheria bora za kazi, mgawanyo mzuri wa rasilimali, majukumu na udhibiti ili kuhakikisha maboresho endelevu.

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

### 16. MATUKIO MAKUU

Mwaka 2017, Kampuni ilifanya ukarabati mkubwa wa mtambo wa kusaga saruji (CM3). Kazi hiyo ilikamilika Desemba 2017 na Kampuni inatarajia uboreshaji katika uzalishaji wa bidhaa za saruji

### 17. USTAWI WA WAFANYAKAZI

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

Mahusiano kati ya wafanyakazi na Uongozi wa kampuni kwa mwaka uliosha tarehe Desemba 31, 2017 umeendelea kuwa mazuri. Hakukuwa na malalamiko yaliyotoka kwa wafanyakazi ambayo hayakufanyiwa kazi na Uongozi kwa kipindi kizima cha mwaka huo. Mahusiano mazuri yanaendelea kuwepo kati ya Uongozi wa Kampuni na umoja wa wafanyakazi. Mkataba wa hiari uliyoingwa baina ya Chama cha Wafanyakazi wa Viwanda na Biashara (TUICO) na Kampuni yanasimamia mahusiano kati ya Uongozi wa Kampuni na wafanyakazi.

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

Mpaka kufikia Desemba 31, 2017, Kampuni imekuwa na wafanyakazi 286, kati yao wanawake wakiwa 28 na wanaume 258. (2016: Jumla 280; wanawake 28 and wanaume 252)

#### c. Huduma za Matibabu

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





### d. Usalama wa kiwandani

Kampuni inayo deatiment makini ya afya na usalama inayohakikisha kwamba tamaduni ya usalama inatiliwa mkazo. Kampuni ina miundombinu na vifaa sahihi, ambavyo vinasaidia kufikia vigezo vilivyopo kwenye Sheria ya Afya na usalama viwandani, 2003 na sharia zingine zinazohusiana na usalama viwandani (OHSAS 18001 Certification).

### e. Mafunzo

Kampuni imewekeza katika kuendeleza wafanyakazi wake ikiwa ni pamoja na kuajiri na kutoa mafunzo kwa watu wenye sifa. Utaalamu wa kiufundi na utawala ni muhimu katika kuhakikisha usimamiaji wa shughuli za kiwanda kwa kutumia teknolojia sahihi. Mwaka huu tulielekeza nguvu zetu katika afya na usalama mahali pa kazi, kufuata miongozo ya kampuni mama, usimamiaji wa fedha, ubora na kuendeleza viongozi. Kampuni ilishirikiana na Mamlaka ya Vyuo vya Ufundi Stadi (VETA) katika kutengeneza mtaala wa majaribio kwa mafundi umeme. Baadhi ya wafanyakazi wa Kampuni wameingizwa katika mpango huu wa miaka miwili ili kuongeza ujuzi wao.

### f. Mishahara

Viwango vya mishahara ya wafanyakazi hurekebishwa kila mwaka kwa kuzingatia uwezo wa kifedha baada ya majadiliano kati ya TUICO na uongozi wa Kampuni. Viwango vya mishahara ya mwaka 2017 vilikubaliwa mwezi Aprili 2017. Katika mwaka husika, wafanyakazi wote wa mikataba walikuwa na mishahara isiyopungua TZS 7.8 milioni kwa mwaka au zaidi.

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

### g. Fursa sawa kwa watu wenye ulemavu

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

## 18. UTAWALA BORA

### a. Kanuni za utawala Bora

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

### b. Bodi ya Wakurugenzi

Kwa sasa, Bodi ina wakurugenzi watano; wanne 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 2017 (2016: 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 kahasibu na mfumo wa usimamizi wa habari (MIS), bodi inasaidiwa na Kamati ya Ukaguzi. Kamati hiyo inaongozwa na mmoja wa wakurugenzi wasio watendaji. Mikutano ya kamati inafanyika mara kadhaa na inahudhuriwa na viongozi waandamizi na wakaguzi wa nje wa mahesabu wa Kampuni inapobidi. Katika mwaka huu wa fedha, Kamati ya Ukaguzi ilikutana mara tatu 2017 (2016: 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.

## Taarifa ya Wakurugenzi

### 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.

### 19. UDHIBITI WA MAENEO HATARISHI

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

Hii itahakikisha:

- Rasilimali za Kampuni zinasimamiwa na kulindwa;
- Sheria na kanuni zilizowekwa zinafuatwa;
- Ubora wa kumbukumbu na nyaraka za kihisababu;
- 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 2017 yamegawanywa katika maeneo ya uendeshaji, masoko na mambo ya fedha kama ifuatavyo:

#### Maeneo hatarishi ya uendeshaji

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

Uzalishaji wa saruji huanzia katika machimbo ya mawe ya chokaa yanayomilikiwa na Kampuni. Upatikanaji wa machimbo ya mawe ya chokaa ni muhimu katika kuhakikisha shughuli za uzalishaji wa saruji unakuwa endelevu. Kampuni 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) (ISO 9001 Certification).

#### Maeneo hatarishi katika soko

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

#### Maeneo hatarishi katika masuala ya fedha

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

### 20. UWEZO NA RASILIMALI ZA KAMPUNI

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

#### Uwezo wa uongozi na wafanyakazi

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

#### Ubora wa bidhaa

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





## Taarifa ya Wakurugenzi

### 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 katika Afrika ya Kati na Africa Mashariki.

### Nafasi katika Soko

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

### Msaada wa Kiufundi

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

### Teknolojia na Mitambo

Kampuni itaendelea kuwekeza kwenye teknolojia ya kisasa ikiwa ni pamoja na mradi wa kufufua kinu namba tatu (CM3) uliokamilika mwaka 2017. Kampuni imewekeza katika kituo cha kisasa cha mafuzo chenye mifano ya vinu vya uzalishaji saruji ili kuimarisha mchakato wa uzalishaji saruji.

### Akiba ya chokaa bora

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

## 21. MISAADA

Mwaka huu, kampuni ilitoa misaada na michango ya hisani yenye thani ya TZS 94.3 milioni (2016: TZS 69.7 milioni). Hakukua na misaada ya kisiasa. Pamoja na misaada hiyo, Kampuni ilijihusisha na uraia mwema ikilenga zaidi wanawake, huduma za afya, elimu na watoto. Jumla ya TZS 76.5 milioni (2016: TZS 69.3 milioni) zilitumika.

## 22. GAWIO

Wakurugenzi wanapendekeza gawio la TZS 17.99 billion (TZS 100 kwa hisa) kwa wanahisa wake kama gawio la mwisho kwa mwaka 2017. Gawio la mwisho litaidhinishwa na mkutano mkuu wa mwaka na litalipwa mwezi June 2018. Mwezi Juni 2017, Kampuni ililipa TZS 10.79

bilioni (TZS 60 kwa hisa) kama gawio la mwisho la mwaka 2016, mwezi Oktoba 2017, Kampuni ililipa TZS 21.59 bilioni (TZS 120 kwa hisa) kama gawio la kwanza kwa mwaka 2017, na gawio la pili TZS 12.59 bilioni (TZS 70 kwa hisa) lililipwa mwezi Februari 2018. Ili kufikia pendekezo hili, wakurugenzi wamezingatia hali ya kifedha ya Kampuni na mahitaji ya baadae ya miradi ya uboreshaji.

## 23. MATUKIO YA BAADAYE

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

## 24. SHUGHULI NA BIASHARA NA KAMPUNI ZENYE UHUSIANO

Kampuni mama ya TPCC ni HeidelbergCement AG, iliyoorodheshwa kwenye soko la fedha la Frankfurt katika Jamuhuri ya nchi ya Ujerumani. HeidelbergCement AG inamiliki Scancem International DA ya nchi ya 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 zinazofanya na watu au makampuni yenye uhusiano yako aya ya 30 ya taarifa ya fedha.

## 25. MTAJI WA HISA

Jumla ya mtaji wa hisa ulitolewa ni hisa za kawaida 179,923,100 (2016: hisa 179,923,100). Hakukua na mabadiliko yayote ya mtaji wa hisa.

Mgawanyo wa hisa za kampuni ni kama ifuatavyo:

Jina	2017 % ya Umiliki	2016 % ya Umiliki
Scancem International DA	69.25	69.25
General Public	30.53	30.37
Wazo Hill Saving and Credit Cooperative Society	0.22	0.38
	<b>100.00</b>	<b>100.00</b>

## Taarifa ya Wakurugenzi

### 26. SERA ZA UHASIBU

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

### 27. WANAHISA WA KAMPUNI

Idadi ya wanahisa kwa mwaka ulioishia 31 Desemba 2017 ilikuwa 9,639 (2016: wanahisa 9,750). Ifuatayo ni orodha ya wanahisa wakubwa kumi wa Kampuni.

Jina	Utaifa	2017 (% ya umiliki)	2016 (% ya umiliki)
Scancem International DA	Mnorwe	69.25	69.25
Parastatal Pensions Fund	Mtanzania	5.42	5.42
Standard Chartered Bank Uganda	Mganda	5.00	4.02
Public Service Pension Fund	Mtanzania	1.77	2.75
National Social Security Fund	Mtanzania	1.24	1.24
Murtaza Basheer Nasser	Mtanzania	0.90	0.90
Umoja Unit Trust Scheme	Mtanzania	0.79	0.76
Sayed H. Kadri / Basharat Kadro/ MehboobKadri/ Khalid/Muzammil Kadri	Mtanzania	0.59	0.57
Government Employees Provident Fund	Mtanzania	0.56	0.56
Said Salim Awadh Bakhresa	Mtanzania	0.51	0.51

### 28. TAARIFA YA SOKO LA MTAJI

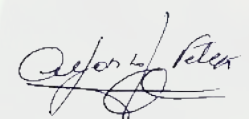
Kampuni iliorodheshwa katika soko la mtaji tarehe 29 Septemba 2006 na hisa zake kuanza kuuzwa kwenye soko la Mitaji ya Dar Es Salaam (DSE). Mwaka 2017 hisa za kampuni zilifanya biashara wakati wote kwenye minada iliyoratibiwa na Soko la Mitaji la Dar Es Salaam (DSE). Mwaka 2017, mwenendo wa hisa za Kampuni kwenye soko la mitaji ilikua kama hivi: Thamani ya Kampuni mnamo 31 Desemba 2017 ilikua TZS 269.88 bilioni (2016: TZS 412.02 bilioni). Bei ya hisa mnamo 31 Desemba 2017 ilikua TZS 1,500 kwa hisa, ikilinganishwa na bei ya hisa ya TZS 2,290 kwa mwaka wa 2016 (Bei katika soko la mwanzo ilikua 435 kwa hisa).

### 29. WAKAGUZI

Wakaguzi wa Kampuni kwa mwaka 2017 walikua 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 2018 litawasilishwa kwenye Mkutano Mkuu wa mwaka.


#### Imetolewa kwa amri ya Bodi

Imeidhinishwa na Bodi ya Wakurugenzi tarehe 25 Aprili 2018 na imesainiwa na



Jina: **Alfonso Velez**

Cheo: **Mkurugenzi**



Jina: **Ruth Zaipuna**

Cheo: **Mkurugenzi**







## Statement of Director's Responsibilities

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

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

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

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



Name: Alfonso Velez

Title: Director



Name: Ruth Zaipuna

Title: Director





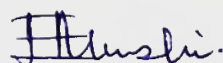
## Statement of Head of Finance's Responsibilities

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

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

I **Evaline Mushi**, being the Chief Accountant of Tanzania Portland Cement Company Limited hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 December 2017 have been prepared in compliance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002.

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



Signed by: .....

Position: ..... **Chief Accountant** .....

NBAA Membership No.: ACPA 2030

Date: ..... **25 April 2018** .....

## Independent Auditor's Report

To the shareholders of Tanzania Portland Cement Company Limited

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Tanzania Portland Cement Company Limited (the Company) set out on pages 19 to 57 which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and of the financial performance and the cash flow of the Company for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2002 of Tanzania.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

#### Key Audit Matters

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

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





## Independent Auditor's Report

	Key audit matter	How our audit addressed the key audit matter
1.	<b>Accounting for tax positions</b>	
	<p>Tax positions were significant to our audit because the assessment process involves judgement in the interpretation and application of tax laws and in assessing tax liabilities and contingencies that could arise from tax audits.</p> <p>The Company has open tax years and assessments and the determination of provisions and contingent liabilities arising from the open tax years and assessments requires the directors to make significant judgements and estimates in relation to the tax exposures arising from open tax years and assessments. There is a risk that the conclusion of the appropriate tax treatment with tax authorities is at an amount materially different to the amount provided for or disclosed.</p> <p>Due to the significance of the judgement applied in determining the provisions, contingencies and the related estimation process, this was considered a key audit matter.</p> <p>We also considered the disclosures on taxation in notes 32 and 35 to the financial statements to be important to the users' understanding of the financial statements.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understanding the Company's processes for recording and assessing of tax provisions and contingent liabilities.</li> <li>• Determining the completeness and reasonableness of the amounts recognized as tax liabilities and contingencies, including the assessment of the matters in the correspondence with tax authorities and reports of the Company's external tax consultant, and the evaluation of the related tax exposures.</li> <li>• Including in our internal tax specialists to analyse the tax positions and to evaluate the assumptions used to determine tax positions.</li> <li>• Assessing relevant historical and recent judgements passed by the tax authorities in considering any precedent.</li> <li>• Assessing the adequacy of the Company's disclosures in respect to taxation.</li> </ul>
2.	<b>Post retirement benefit provisions</b>	
	<p>The Company has a Defined Benefit Obligation (DBO) of TZS 4.8 billion.</p> <p>The procedures over the post-retirement benefit provisions, specifically the procedures on the DBO, were significant to our audit because the assessment process is complex, involves significant management judgment and is based on actuarial assumptions, including discount rates, compensation increase, expected inflation rates, and mortality tables, as disclosed in Note 28 of the financial statements.</p> <p>Small changes in a number of the key assumptions used to value the Company DBO could have a material impact on the calculation of the liability.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluating management's actuarial assumptions and valuation methodologies and assessing the objectivity and competence of the Company's external pension experts.</li> <li>• Including in our team actuarial specialists to analyse the assumptions made in relation to the valuation of the liabilities.</li> <li>• Challenging management, primarily on their assumptions applied to which the post-retirement benefit provisions are the most sensitive, by performing independent testing and comparing to the published actuarial tables, amongst others.</li> <li>• Assessing the discount and inflation rates used in comparison to internally developed benchmarks, based on externally derived data.</li> <li>• Comparing assumed mortality rates to national and industry averages.</li> <li>• Assessing the assumption for salary increases against the Company's historical trend and expected future outlook.</li> <li>• Assessing the adequacy of the Company's disclosure in Note 28 of the financial statements.</li> </ul>

# Independent Auditor's Report

## Other Information included in the Company's 2017 Annual Report

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

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

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

## Responsibilities of the Directors for the Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or

in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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





## Independent Auditor's Report

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;

The Directors' Report is consistent with the financial statements;

Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and

The Company's statement of financial position and statements of profit or loss and other comprehensive income are in agreement with the books of account.



**Ernst & Young**  
Certified Public Accountants  
Dar es Salaam



Signed by: Joseph Sheffu (ACPA 867) \_\_\_\_\_

Date: **17 May 2018**

## Corporate Social Responsibility (CSR) Report 2017

### Corporate Social Responsibility

In Social Responsibility, TPCC continued to give back to the community. The company's main CSR focus are to work with projects, organizations and initiatives that:

are based in Tanzania,

are aligned with TPCC's Code of Business Conduct, other compliance standards, the leadership principles and the sustainability ambition 2020,

create long term benefits and value for the society

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

#### TPCC's CSR areas of focus in 2017 were:

**Building architecture and infrastructure:** providing practical help in the construction of buildings and infrastructure for the benefit of society.

**Environment and climate:** biodiversity cooperating with partners in order to preserve and protect environment by promoting climate protection and biological diversity.

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



TPCC CSR Manager and Twiga women representatives hands over cheque to purchase building materials to the 'Mama wa Huruma' center coordinator.

### Twiga Women's Group Community Works neighboring Orphanage Center

- TPCC will working with the center to support them to ensure their new children's home under construction is completed in 2018.
- Supported by the company, the Twiga women's group agenda of 2018 is also working on pushing the women empowerment programs forward especially for communities surrounding the plant.
- TPCC through its women's group (of female employees) supported an orphanage center with building materials during the year. The center 'Mama wa Huruma' is located in Madale, few kms from the cement factory.
- The orphanage currently has no space to accommodate the 40+ orphans/under privileged children (all under 10yrs).



Center's site in Madale which is under construction as the orphanage's hostels





## Corporate Social Responsibility (CSR) Report 2017

### Community Works with a Drug Rehabilitation Center



TPCC Commercial Director, Yves Maigne (right) handing over computers to the center's coordinator, Luis Botia.

'*Changamoto ni Matumaini*' is a free drug rehabilitation center located in Boko, just few kms from the Twiga Cement factory. The center is a Christian non-profit institute working in Tanzania to rehabilitate and educate on drug abuse.

TPCC has worked with the center to collaborate on the drug abuse awareness campaigns. As at 2017 Twiga cement has so far supported the center with cement, used computers and skills.

The center also runs an underprivileged children's school at a different campus, which Twiga has plans to work with in 2018.



Outside the centres environment, where gardening and sports activities are held.



TPCC Commercial Director-Yves Maigne (left) hands over cement to the center coordinator .



## Corporate Social Responsibility (CSR) Report 2017

### Dar Rotary Marathon – 2017



*Twiga Cement employees who participated in the 9kms (run/walk fun race) and the 42kms cycling race.*

TPCC employees participated in the Dar 2017 October Rotary Dar Marathon for raising funds which went to charity proceeds such as the expansion of a Clinic at Comprehensive Community Based Rehabilitation (CCBRT) in Tanzania.

TPCC has a long standing CSR relationship with CCBRT having supported the hospital with cement in various building expansion projects of the hospital in the past year.



*Twiga Cement Managing Director (Alfonso Velez) participated in the 42 kms cycling race.*





## Conserving the Environment for Future

Overview of rehabilitation activities at TPCC Quarry





## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	Notes	2017 TZS '000	2016 TZS '000
Revenue	7	268,209,096	277,226,967
Cost of sales	9	(184,903,676)	(170,494,279)
<b>Gross profit</b>		<b>83,305,420</b>	<b>106,732,688</b>
Other operating income	8	23,406,446	475,553
Selling and marketing costs	10	(3,769,498)	(3,640,575)
Administrative costs	11	(21,260,452)	(27,227,640)
Depreciation, amortisation and impairment	17, 18 & 19	(18,066,388)	(20,278,937)
Other operating expenses	13	(942,738)	(2,173,998)
<b>Operating profit</b>		<b>62,672,790</b>	<b>53,887,091</b>
Finance income	14	881,127	803,917
Finance costs	15	(13,631)	(143,147)
Gain on foreign currency translation	16	2,057,539	2,910,675
<b>Profit before tax</b>		<b>65,597,825</b>	<b>57,458,536</b>
Income tax expense	32	(30,001,432)	(17,620,743)
<b>Profit for the year</b>		<b>35,596,393</b>	<b>39,837,793</b>

### Other comprehensive income

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

Re-measurement losses on defined benefit plan

Income tax effect

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

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

### Earnings per share

Basic and diluted earnings per share (TZS)

Notes	2017 TZS '000	2016 TZS '000
28	(1,946,170)	(1,609,076)
32	583,851	482,723
	<b>(1,362,319)</b>	<b>(1,126,353)</b>
	<b>34,234,074</b>	<b>38,711,440</b>
36	198	221





## Statement of Financial Position

As at 31 December 2017

	Notes	2017 TZS '000	2016 TZS'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	149,418,954	161,040,250
Intangible asset	18	2,635,382	3,765,237
Leasehold land	19	1,120,159	1,148,005
Non-current financial assets	23	16,749,420	-
		<b>169,923,915</b>	<b>165,953,492</b>
<b>Current assets</b>			
Inventories	20	41,711,116	63,652,173
Current income tax recoverable	32	-	1,649,132
Trade receivables	21	28,666,195	25,476,160
Other short-term operating receivables	22	8,996,793	5,598,503
Other current financial assets	23	4,114,476	-
Cash and bank balances	24	34,739,002	23,175,669
		<b>118,227,582</b>	<b>119,551,637</b>
<b>Total assets</b>		<b>288,151,497</b>	<b>285,505,129</b>

	Notes	2017 TZS '000	2016 TZS'000
<b>Equity and liabilities</b>			
<b>Equity</b>			
Authorised, issued and fully paid up share capital	25	3,598,462	3,598,462
Retained earnings		182,867,335	193,614,036
		<b>186,465,797</b>	<b>197,212,498</b>
<b>Non-current liabilities</b>			
Employment benefit liabilities	28	4,818,290	3,882,298
Deferred income tax liability	32	25,220,943	26,532,519
Provisions	31	2,048,779	3,372,972
		<b>32,088,012</b>	<b>33,787,789</b>
<b>Current liabilities</b>			
Current income tax payable	32	8,434,329	-
Trade and other payables	27	45,638,543	35,778,351
Interest-bearing loan	26	5,021	5,021
Dividend payable	34	15,519,795	18,721,470
		<b>69,597,688</b>	<b>54,504,842</b>
<b>Total equity and liabilities</b>		<b>288,151,497</b>	<b>285,505,129</b>

These financial statements were authorised for issue in accordance with a resolution of the Board of directors passed on 25 April 2018 and were signed on its behalf by:


Name: Alfonso Velez

Title: Director

Signature: 

Name: Ruth Zaipuna

Title: Director

Signature: 

## Statement of Changes in Equity

For the year ended 31 December 2017

At 01 January 2017

Profit for the year

Other comprehensive income, net of tax

Total comprehensive income, net of tax

Dividends declared (Note 33)

### At 31 December 2017

At 01 January 2016

Profits for the year

Other comprehensive income, net of tax

Total comprehensive income, net of tax

Dividends declared (Note 33)

Dividend forfeited\*

### At 31 December 2016

Authorised, issued and fully paid share capital (Note 25) TZS '000	Retained Earnings TZS '000	Total TZS '000
3,598,462	193,614,036	197,212,498
-	35,596,393	35,596,393
-	(1,362,319)	(1,362,319)
-	34,234,074	34,234,074
-	(44,980,775)	(44,980,775)
<b>3,598,462</b>	<b>182,867,335</b>	<b>186,465,797</b>
3,598,462	210,305,499	213,903,961
-	39,837,793	39,837,793
-	(1,126,353)	(1,126,353)
-	38,711,440	38,711,440
-	(55,776,161)	(55,776,161)
-	373,258	373,258
<b>3,598,462</b>	<b>193,614,036</b>	<b>197,212,498</b>

\*These are dividends not claimed for more than seven (7) years. The Tanzania Companies Act, 2002 allows for dividend unclaimed forfeiture and the Board of Directors approved the forfeiture of the dividends as it meets the criteria set by country laws.





## Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 TZS '000	2016 TZS '000
<b>Operating activities</b>			
Profit before tax		65,597,825	57,458,536
<i>Adjustment to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation	17, 18 & 19	18,066,388	20,278,937
Interest expenses	15	13,631	143,145
Interest income	14	(881,127)	(803,917)
Net unrealised exchange loss	16	274,585	99,107
Net provision for obsolete inventories	9 & 11	(510,975)	2,149,645
(Decrease) /Increase in site restoration provision	31	(1,324,193)	813,296
Post-employment benefits provision	28	754,169	1,162,521
Impairment of receivables	10	1,390,168	252,655
Net gain on disposal of property, plant and equipment	8 & 11	(23,217,020)	(63,978)
<i>Working capital adjustments:</i>			
Decrease/(Increase) in inventories		22,452,032	(9,702,300)
Increase in trade receivables		(4,580,203)	(3,291,559)
(Increase) /Decrease in other short-term operating receivables		(3,398,290)	5,885,471
Increase in trade and other payables		9,860,193	3,304,650
Corporation tax paid	32	(20,645,696)	(24,132,926)
Payment to post employment benefit	28	(1,764,347)	(4,478,098)

	Notes	2017 TZS '000	2016 TZS '000
Interest received		881,127	803,917
Interest paid		(13,631)	(143,145)
<b>Net cash inflows from operating activities</b>		<b>62,954,636</b>	<b>49,735,957</b>
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment		2,391,831	201,265
Payment for capital works-in-progress	17&18	(4,050,107)	(4,691,202)
Purchase of capital items in stock	17	(1,275,992)	(223,851)
<b>Net cash flows used in investing activities</b>		<b>(2,934,268)</b>	<b>(4,713,788)</b>
<b>Financing activities</b>			
Dividends paid		(48,182,450)	(59,058,702)
Interest-bearing loans repaid		-	(226,534)
<b>Net cash flows used in financing activities</b>		<b>(48,182,450)</b>	<b>(59,285,236)</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>		<b>11,837,918</b>	<b>(14,263,067)</b>
Net foreign exchange difference		(274,585)	273,698
Cash and cash equivalents at 01 January		23,175,669	37,165,038
<b>Cash and cash equivalent at 31 December</b>	<b>24</b>	<b>34,739,002</b>	<b>23,175,669</b>

# Notes to the Financial Statements

For the year ended 31 December 2017

## 1. CORPORATE INFORMATION

The financial statements of Tanzania Portland Cement Company Limited ('the Company') for the year ended 31 December 2017 were authorized for issue in accordance with a resolution of the Directors as indicated on the statement of financial position. 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 30.

## 2. BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except where stated otherwise. The financial statements are presented in Tanzanian Shillings (TZS) and all values are rounded to the nearest thousand (TZS '000'), except when otherwise indicated. These financial statements cover the year ended 31 December 2017.

### Statement of compliance

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### a) Revenue recognition

Revenue 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 payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates and Value Added Tax.

The specific recognition criteria described below 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. The main goods sold by the Company are cement and clinker.

### Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

### b) Foreign currency translation

#### Functional and presentation currency

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

#### Transactions and balances

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

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

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

### c) Property, plant and equipment

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





## Notes to the Financial Statements

For the year ended 31 December 2017

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

### Capital work-in - progress

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

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

### d) Capital items in stock

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

### e) Intangible assets

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

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

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation which has been consistently applied is 20% – 50%. The amortisation period and amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss.

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

### f) Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets

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

# Notes to the Financial Statements

For the year ended 31 December 2017

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.

## g) Financial assets

### Initial recognition and measurement

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

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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

### Subsequent measurement

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

#### Loans and receivables

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in selling and marketing costs. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 21, 22 and 23.

### Other receivables

Other receivables constitutes staff advances and prepayment which are receivables within one years. Staff advances are granted to staff who have family emergency and are repayable to the maximum of six (6) months through payroll. Prepaid expenses are amounts which paid but the services or goods paid for has not been consumed or delivered. Subsequently this will be accounted as assets or expenses.

### Cash and cash equivalents

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

### 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.





# Notes to the Financial Statements

For the year ended 31 December 2017

## 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.

## h) 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, loans and borrowings.

### Subsequent measurement

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

### Interest bearing loans, trade and other payables

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

### De-recognition of financial liabilities

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

## i) 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.

## j) 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, including land rent. Prepaid operating lease on leasehold land are recognised as an expense in profit or loss on a straight line basis over the lease term. Annual land rent and property taxes are expensed in profit or loss annually.

# Notes to the Financial Statements

For the year ended 31 December 2017

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

## k) Inventories

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

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

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

## l) Provisions

### General

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

### Site restoration provision

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

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

## m) Pensions and other employment benefits

The Company operates defined contribution plans and defined benefit plans.

### Pension obligations

Under defined contribution plans, the Company's employees are members of state-owned pension schemes, namely the Parastatal Pension Fund (PPF) and National Social Security

Fund (NSSF). The Company contributes 15% of basic salary for each employee who is a member of PPF and 10% of gross salary for each employee who is a member of NSSF, while the employees contribute 5% and 10% respectively. The Company's contributions to the funds are charged to profit or loss in the year to which they relate.

### Endowment scheme

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

### Other short term benefits

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

### Post-employment benefits

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

### Long service employment benefits (other long term employee benefits)

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

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

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

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





## Notes to the Financial Statements

For the year ended 31 December 2017

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

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

### n) Taxes

#### Current tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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

#### Deferred tax

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

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

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

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

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

#### Value added tax

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

- Where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of Value Added Tax included.

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

# Notes to the Financial Statements

For the year ended 31 December 2017

## o) Royalty

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

## p) Dividend distribution

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

## Dividend withholding tax

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

## 4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those used in the previous year. The amendments to IAS 7 Statement of Cash Flows did not have an impact on the financial statements of the Company. The other new and amended standards and interpretations that became effective during the year did not have a significant impact on the Company's accounting policies, financial position or results.

## 5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

## Impairment losses on trade and other financial receivables

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

More information on impairment losses including the carrying amounts of the balances affected is presented in Note 21, 22 and 23.

## Impairment of non-financial assets

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

## Post-employment and long service defined benefit plans

The cost of defined benefit pension plans and other long term employment plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are included in Note 28.

## Provision for quarry rehabilitation

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





## Notes to the Financial Statements

For the year ended 31 December 2017

### Asset useful lives

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

For the carrying amount of property, plant and equipment, refer to Note 17 to the financial statements.

### Contingencies

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

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

For details on the contingent liabilities amounts, refer to Note 35 to the financial statements.

### Taxes

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

For disclosures and details on tax and tax contingencies, refer to Notes 32 and 35 of the financial statements.

## 6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

### IFRS 9 Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into three measurement categories: those measured at fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and those measured at amortized cost. Equity instruments should be measured at fair value and those that are not held for trading may be irrevocably designated as measured at fair value through other comprehensive income (FVOCI) with no subsequent reclassification of gains or losses to profit or loss. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

The Company expects that implementation of the standard will have the following impact:

- Trade and other receivables, bank balances and amounts due from related parties are expected to pass the solely for payment of principal and interest (SPPI) test and are held to collect contractual cash flows. These are therefore expected to be measured at amortized cost using the effective interest method. The expected credit losses on these financial assets is not expected to be significantly different from the impairment losses under IAS 39.
- The classification and measurement of financial liabilities is not expected to change on the adoption of this standard.

The Company will adopt the new standard on the required effective date using the modified retrospective transition approach.

### IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The interpretation addresses: i) whether an entity considers uncertain tax treatments separately; ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; iii) how entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019. The Company is still assessing the impact of this interpretation.

# Notes to the Financial Statements

For the year ended 31 December 2017

## IFRS 16 Leases

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

The key features of the new standard are:

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

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

The application of the standard will primarily affect the accounting for the Company's operating leases. As at the reporting date, the Company had the operating lease commitments disclosed in Note 35. Some of the commitments may be covered by the exceptions for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16. The Company is still assessing to what extent these lease commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's results and classification of cash flows. This said, it has been determined that the application of this standard will affect EBITDA, net debt and leverage ratios of the Company.

## Other new and amended standards

The followings new and amended standards and interpretations issued but not yet effective are not expected to have an impact on the Group's financial statements.

- IFRS 15 Revenue from Contracts with Customers (Effective 1 January 2018): The Company has no significant revenue contracts with customers for which the accounting treatment will differ significantly on adoption of this standard.
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (Effective 1 January 2018).

The other new and amended standards issued but not yet effective, and not listed above, are not expected to have an impact on the Company's financial statements.

## 7. REVENUE

### Sales of goods:

	2017 TZS '000	2016 TZS '000
Twiga plus	101,892,575	90,611,596
Twiga extra	153,228,695	168,348,392
Twiga ordinary	17,170,404	20,376,669
Clinker	17,337	2,229,889
Twiga Jenga	848,448	-
Gypsum	-	146,495
	273,157,459	281,713,041
Less: Freight outbound	(4,948,363)	(4,486,074)
	<b>268,209,096</b>	<b>277,226,967</b>

## 8. OTHER OPERATING INCOME

Gain on disposal of property, plant and equipment	23,219,002	63,978
Rental income	53,180	49,501
Other income	134,264	362,074
	<b>23,406,446</b>	<b>475,553</b>





## Notes to the Financial Statements

For the year ended 31 December 2017

9. COST OF SALES	Notes	2017 TZS '000	2016 TZS '000
Distribution costs		14,803,791	8,124,669
Variable costs		142,724,618	138,707,282
Fixed production costs		28,075,267	25,855,937
Write-down to net realisable value		(700,000)	(2,193,609)
		<b>184,903,676</b>	<b>170,494,279</b>
Included in cost of sales fixed production costs are:			
Staff costs	12	<b>8,514,270</b>	<b>7,972,042</b>
<b>10. SELLING AND MARKETING COSTS</b>			
Staff costs	12	1,292,265	949,948
Marketing, advertising and sales costs		1,087,065	2,437,972
Impairment of receivables	21	1,390,168	252,655
		<b>3,769,498</b>	<b>3,640,575</b>
<b>11. ADMINISTRATIVE EXPENSES</b>			
Staff costs	12	5,927,445	6,968,327
Consultancy costs		3,749,725	3,867,692
Technical assistance		5,059,892	4,738,146
Rent, rates and hiring costs		872,087	2,167,621
Other administrative expenses*		5,651,303	9,485,854
		<b>21,260,452</b>	<b>27,227,640</b>
*Included in other administrative expenses are:			
Audit fees		125,208	119,316
Donations		94,325	69,717
Other costs; security, maintenance		3,802,512	3,119,445
Travelling cost		604,342	512,268
Legal fees		916,659	1,217,313
Impairment of spare parts		189,025	4,343,255
Loss on disposal of property, plant and equipment		1,981	-
Directors' remuneration		106,276	104,540

12. STAFF COSTS	Notes	2017 TZS '000	2016 TZS '000
Staff costs under:			
Cost of sales	9	8,514,270	7,972,042
Selling and marketing costs	10	1,292,265	949,948
Administrative expenses	11	5,927,445	6,968,327
		<b>15,733,980</b>	<b>15,890,317</b>
Staff costs is made up of:			
Salaries and wages		7,853,599	7,828,124
Social Security Contribution		984,531	1,075,787
Payroll tax (SDL)	29	567,661	732,194
Post-employment and long service costs	28	754,169	1,162,521
Other employment costs and employee benefits*		5,574,020	5,091,511
		<b>15,733,980</b>	<b>15,890,137</b>

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

<b>13. OTHER OPERATING EXPENSES</b>			
Local government levies and taxes		826,870	1,952,268
Property taxes		115,868	221,730
		<b>942,738</b>	<b>2,173,998</b>
<b>14. FINANCE INCOME</b>			
Interest income - Interest on short term bank deposits		881,127	803,917
		<b>881,127</b>	<b>803,917</b>
<b>15. FINANCE COST</b>			
Interest on short-term borrowing		13,631	143,147
		<b>13,631</b>	<b>143,147</b>

## Notes to the Financial Statements

For the year ended 31 December 2017

### 16. NON OPERATING EXPENSES AND FOREX GAINS

Exchange gain - realised

Exchange loss - realised

**Sub-total**

Exchange gain - unrealised

Exchange loss - unrealised

**Sub-total**

**Net foreign exchange gain**

	2017 TZS '000	2017 TZS '000
Exchange gain - realised	2,646,421	4,078,475
Exchange loss - realised	(314,297)	(1,068,693)
<b>Sub-total</b>	<b>2,332,124</b>	<b>3,009,782</b>
Exchange gain - unrealised	13,214,956	821,786
Exchange loss - unrealised	(13,489,541)	(920,893)
<b>Sub-total</b>	<b>(274,585)</b>	<b>(99,107)</b>
<b>Net foreign exchange gain</b>	<b>2,057,539</b>	<b>2,910,675</b>





## Notes to the Financial Statements

For the year ended 31 December 2017

### 17. PROPERTY, PLANT AND EQUIPMENT (PPE)

	Building and Roads TZS '000	Production machinery & equipment TZS '000	Other equipment TZS '000	Capital items in stock TZS '000	Capital work-in progress (CWIP) TZS '000	Total TZS '000
<b>Cost</b>						
At 01 January 2016	46,183,680	206,545,784	14,298,749	1,478,825	7,882,595	276,389,633
Additions	-	-	-	223,851	4,253,316	4,477,167
Transfers	-	11,202,220	499,135	(102,381)	(11,598,974)	-
Disposals	-	-	(283,506)	-	-	(283,506)
<b>At 31 December 2016</b>	<b>46,183,680</b>	<b>217,748,004</b>	<b>14,514,378</b>	<b>1,600,295</b>	<b>536,937</b>	<b>280,583,294</b>
At 01 January 2017	46,183,680	217,748,004	14,514,378	1,600,295	536,937	280,583,294
Additions	-	-	-	1,275,992	3,800,613	5,076,605
Transfers	190,787	2,552,679	859,871	-	(3,603,336)	-
Write-offs	-	(14,671,293)	-	-	-	(14,671,293)
Disposals	(77,608)	-	(70,733)	-	-	(148,341)
<b>At 31 December 2017</b>	<b>46,296,859</b>	<b>205,629,390</b>	<b>15,303,516</b>	<b>2,876,287</b>	<b>734,214</b>	<b>270,840,265</b>
<b>Accumulated depreciation</b>						
At 01 January 2016	11,477,184	79,405,789	9,511,832	-	-	100,394,805
Charge during the year	1,843,615	13,475,514	1,608,982	-	-	16,928,111
Disposals	-	-	(146,219)	-	-	(146,219)
Impairment	-	2,366,346	-	-	-	2,366,346
<b>At 31 December 2016</b>	<b>13,320,799</b>	<b>95,247,649</b>	<b>10,974,595</b>	<b>-</b>	<b>-</b>	<b>119,543,043</b>
At 01 January 2017	13,320,799	95,247,649	10,974,595	-	-	119,543,043
Charge during the year	1,851,105	13,337,582	1,470,505	-	-	16,659,192
Disposal	(55,109)	-	(54,523)	-	-	(109,632)
Write-offs	-	(14,671,293)	-	-	-	(14,671,293)
<b>At 31 December 2017</b>	<b>15,116,796</b>	<b>93,913,938</b>	<b>12,390,577</b>	<b>-</b>	<b>-</b>	<b>121,421,311</b>
<b>Net carrying amount</b>						
<b>At 31 December 2017</b>	<b>31,180,063</b>	<b>111,715,451</b>	<b>2,912,939</b>	<b>2,876,287</b>	<b>734,214</b>	<b>149,418,954</b>
<b>At 31 December 2016</b>	<b>32,862,881</b>	<b>122,500,355</b>	<b>3,539,783</b>	<b>1,600,295</b>	<b>536,937</b>	<b>161,040,250</b>

No property, plant and equipment has been pledged as collateral for liabilities. Capital work in progress balance relates to Gypsum deposits exploration costs and construction of Photovoltaic power plant

## Notes to the Financial Statements

For the year ended 31 December 2017

### 18. INTANGIBLE ASSET

#### Cost

At 01 January 2016

Additions

Transfers

Disposals

**At 31 December 2016**

#### Accumulated Amortisation

At 01 January 2016

Charge during the year

Write offs

**At 31 December 2016**

**Carrying value at 31 December 2016**

#### Cost

At 01 January 2017

Additions\*

Transfers

**At 31 December 2017**

#### Accumulated Amortisation

At 01 January 2017

Charge during the year

**At 31 December 2017**

**Carrying value at 31 December 2017**

Software TZS '000	Mining rights TZS '000	Work in progress	Total TZS '000
3,544,151	1,434,476	-	4,978,627
-	-	-	437,886
437,886	-	437,886	-
(77,594)	-	(437,886)	(77,594)
<b>3,904,444</b>	<b>1,434,476</b>	<b>-</b>	<b>5,338,920</b>
538,145	156,952	-	695,097
772,728	183,906	-	956,634
(78,049)	-	-	(78,049)
<b>1,232,825</b>	<b>340,858</b>	<b>-</b>	<b>1,573,683</b>
<b>3,006,005</b>	<b>1,093,618</b>	<b>-</b>	<b>3,765,237</b>
3,904,444	1,434,476	-	5,338,920
-	-	249,494	249,494
249,494	-	(249,494)	-
<b>4,153,938</b>	<b>1,434,476</b>	<b>-</b>	<b>5,588,414</b>
1,232,825	340,858	-	1,573,683
1,287,396	91,953	-	1,379,349
<b>2,520,221</b>	<b>432,811</b>	<b>-</b>	<b>2,953,032</b>
<b>1,633,717</b>	<b>1,001,665</b>	<b>-</b>	<b>2,635,382</b>

\*Included in additions is the costs incurred for the SUN and EAM systems. This was completed during the year and the balance has been transferred to Software





## Notes to the Financial Statements

For the year ended 31 December 2017

### 19. LEASEHOLD LAND

	2017 TZS '000	2016 TZS '000
At 01 January	1,148,005	1,175,851
Additions	-	-
	1,148,005	1,175,851
Less: Amortisation for the year	(27,846)	(27,846)
At 31 December	<b>1,120,159</b>	<b>1,148,005</b>
Within one year	27,846	27,846
After one year	1,092,314	1,120,159
	<b>1,120,159</b>	<b>1,148,005</b>

Lease amount was paid upfront and amortised over the useful life. The remaining lease period for leasehold land is 75 years.

### 20. INVENTORIES

Raw materials, additives, consumables and spare-parts	49,337,709	73,790,540
Work - in - progress	784,932	3,296,794
Finished goods and goods for resale		
- Twiga Extra Cement	544,073	715,905
- Twiga Ordinary Cement	291,434	269,985
- Twiga Plus Cement	1,002,534	655,220
- Twiga Aggregate	331,315	331,315
- Twiga Jenga	30,141	57,664
Less: Provision for obsolete stock	(a) (10,421,997)	(11,121,997)
Provision for impairment of spare parts	(189,025)	(4,343,255)
	<b>41,711,116</b>	<b>63,652,173</b>

### (a) Movement in provision

	2017 TZS '000	2016 TZS '000
At 01 January	11,121,997	13,315,607
(Decrease)/increase in provision	(b) (700,000)	(2,193,610)
<b>At 31 December</b>	<b>10,421,997</b>	<b>11,121,997</b>
(b) Provision for obsolete and slow moving items		
Release of provision	(700,000)	(2,193,610)
Increase in provision for obsolete and slow moving items	-	-
	<b>(700,000)</b>	<b>(2,193,610)</b>
Value of inventories expensed during the year	<b>72,845,500</b>	<b>60,450,259</b>

During 2017, none of the Company's inventories balances were pledged as security for liabilities.

### 21. TRADE RECEIVABLES

Trade Receivables	30,847,514	26,267,312
Provision for impairment of receivables:		
At 01 Januaryw	(791,151)	(538,496)
Additional provision	(313,227)	(252,655)
<b>At 31 December</b>	<b>(1,104,378)</b>	<b>(791,151)</b>
	<b>29,743,136</b>	<b>25,476,160</b>
Written-off during the year through profit or loss	(1,076,941)	-
	<b>28,666,195</b>	<b>25,476,160</b>

## Notes to the Financial Statements

For the year ended 31 December 2017

As at year-end the ageing analysis of receivables was as follows:

==>Neither past due nor impaired

==>Past due but not impaired

31 - 90 days

91 - 180 days

181 - 360 days

==>Impaired

	2017 TZS '000	2017 TZS '000
==>Neither past due nor impaired	13,246,320	10,984,966
==>Past due but not impaired		
31 - 90 days	10,025,637	10,239,333
91 - 180 days	3,415,549	2,255,309
181 - 360 days	1,978,689	1,996,553
==>Impaired	2,181,319	791,151
	<b>30,847,514</b>	<b>26,267,312</b>

### Terms and conditions of the above trade receivables:

Trade receivables are non-interest bearing and are generally on 30 day payment terms. Provision policy excludes debtors backed by guarantees. As at 31 December 2017, trade receivables at initial value of TZS 313 million were impaired and fully provided for and trade receivable at initial value of TZS 1.07 billion were written off. The movement in the provision for impairment of receivables is as shown above.

## 22. OTHER SHORT-TERM OPERATING RECEIVABLES

	2017 TZS '000	2016 TZS '000
Prepaid expenses	3,602,640	2,230,056
Other short term receivables:		
Staff loans and advances	342,852	267,694
Advances to suppliers	4,043,308	2,092,761
Other short term receivables*	1,752,181	1,752,180
	<b>6,138,341</b>	<b>4,112,635</b>

### Gross debtors

Less: Provision for impairment

Provision for impairment of other receivables:

At 01 January

Charge during the year

At 31 December

==> Neither past due nor impaired

==>Past due but not impaired

31 - 60 days

61 -180 days

180 - 360 days

	2017 TZS '000	2017 TZS '000
Gross debtors	<b>9,740,981</b>	<b>9,740,981</b>
Less: Provision for impairment	(744,188)	(744,188)
	<b>8,996,793</b>	<b>8,996,793</b>
Provision for impairment of other receivables:		
At 01 January	(744,188)	(744,188)
Charge during the year	-	-
At 31 December	<b>(744,188)</b>	<b>(744,188)</b>
==> Neither past due nor impaired	4,043,309	4,043,309
==>Past due but not impaired		
31 - 60 days	2,158,258	2,158,258
61 -180 days	858,766	858,766
180 - 360 days	1,936,460	1,936,460
	<b>8,996,793</b>	<b>8,996,793</b>

### Terms and conditions of the above trade receivables:

Staff loans and advances are non-interest bearing and are generally on 30 days terms. Advances to suppliers are non-interest bearing and are generally on 90 days terms. The balance at year end represent down payment to suppliers for upcoming deliveries and port clearing charges. Provision for impairment is done on case by case basis.

\*Other short term receivables consist of TZS 1.8 billion (2016: TZS 1.8 billion) deposit to Tanzania Revenue Authority as the requirement for filling objection regarding transfer pricing cases disclosed under note 35.





## Notes to the Financial Statements

For the year ended 31 December 2017

### 23. OTHER FINANCIAL ASSETS

Other financial assets include amount receivable from sale of company's property. During the year the company sold part of its owned land located at kinondoni municipality, plot 6/2/1, plot 6/2/2 and plot 6/2/3 for a total consideration of Tanzanian Shillings (TZS) 23 billion (exclusive of VAT).

Payment terms for the individual plots ranges from four to five years, to be paid in two instalments annually up to June 2022.

	2017 TZS '000	2016 TZS '000
Amount receivable as at 31 December		
Selling price inclusive of Value Added Tax*	27,424,970	-
Value added tax paid	(4,183,470)	-
Proceeds received	(2,377,604)	-
<b>Total amount receivable</b>	<b>20,863,896</b>	<b>-</b>
Current portion	4,114,476	-
Non-current portion	16,749,420	-
	<b>20,863,896</b>	<b>-</b>

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

### 24. CASH AND BANK BALANCES

Cash at bank - local currency	28,630,354	14,992,877
Cash at bank - foreign currency	6,100,600	8,162,227
Cash at hand	8,048	20,565
	<b>34,739,002</b>	<b>23,175,669</b>

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

Cash and cash equivalents as above  
Net cash and cash equivalent

	2017 TZS '000	2016 TZS '000
Cash and cash equivalents as above	34,739,002	23,175,669
<b>Net cash and cash equivalent</b>	<b>34,739,002</b>	<b>23,175,669</b>

### 25. SHARE CAPITAL

Authorised, issued and fully paid up

179,923,100 Ordinary Shares of TZS 20 each

	3,598,462	3,598,462
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Shareholding

#### Shareholder

Scancem International DA

	Number of Shares	Number of Shares
Scancem International DA	124,598,500	124,598,500
General Public	54,923,107	53,835,094
Wazo Hill Savings and Credit Cooperative Society	401,493	1,489,506
	<b>179,923,100</b>	<b>179,923,100</b>

### 26. INTEREST BEARING LOAN

10% long-term treasury loan

	-	176,270
--	---	---------

Repayment of Current principal portion

	-	(176,270)
--	---	-----------

**Total current principal portion**

	-	-
--	---	---

Interest payable

	5,021	5,021
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**Total current portion**

	<b>5,021</b>	<b>5,021</b>
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The loan of initially TZS 1,082,822,619 was extended by the Government of the United Republic of Tanzania to the Company Limited for the rehabilitation of the Company quarries under the SIDA import support programme during the financial year 1988/1989, 1989/1990 and 1990/1991. The loan carries interest rate of 10% per annum on the outstanding balance and is payable in semi-annual equal instalments of TZS 25,181,921 for a period of 20 years. The repayment of the loan commenced on 31 January 1999 and is payable up to 31 December 2016. As at 31 December 2017, Interest amount of TZS 5 million was still outstanding. The loan was not secured. The Company decided to repay the loan earlier as the amount outstanding was immaterial

## Notes to the Financial Statements

For the year ended 31 December 2017

### 27. TRADE AND OTHER PAYABLES

		2017 TZS '000	2016 TZS '000
Trade payables - third parties		22,367,286	12,407,685
Trade payables - intercompany	30(b)	7,206,309	1,147,364
Advance received from customers		3,173,625	3,626,601
Accruals*		8,810,771	15,577,476
Short-term operating payables		3,457,635	2,811,002
Payables for payroll and related costs		622,917	208,223
		<b>45,638,543</b>	<b>35,778,351</b>

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

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

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

### 28. EMPLOYMENT BENEFIT LIABILITIES

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

The Company contributions during the year were as follows:

Endowment Scheme	655,218	611,070
Parastatal Pension Fund (PPF)	434,999	665,876
National Social Security Fund (NSSF)	549,532	409,911
	<b>1,639,749</b>	<b>1,686,857</b>

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

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

#### The amounts recognised in the Statement of Financial Position are as follows:

	2017 TZS '000	2016 TZS '000
Present value of unfunded obligations	4,818,290	3,882,298
<b>Net liability recognised in statement of financial position</b>	<b>4,818,290</b>	<b>3,882,298</b>
Post-employment benefit	4,451,709	3,591,909
Other long-term benefits	366,581	290,389
	<b>4,818,290</b>	<b>3,882,298</b>

#### The amounts recognised in profit or loss and OCI are as follows:

Current service cost	158,495	251,890
Interest on obligation	595,674	910,631
<b>Expense recognised in profit or loss</b>	<b>754,169</b>	<b>1,162,521</b>
Actuarial losses on defined benefit plan:		
Post-employment benefit	1,787,795	1,723,809
Other long-term benefits	158,375	(114,734)
<b>Expense recognised in OCI</b>	<b>1,946,170</b>	<b>1,609,075</b>





## Notes to the Financial Statements

For the year ended 31 December 2017

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

#### Post-employment benefits

	2017 TZS '000	2016 TZS '000
Opening balance (end-of-service benefits)	3,591,909	5,098,306
Current service costs	145,597	231,474
Interest cost	548,112	830,095
Benefits payments	-	(1,745,322)
Plan settlements	(1,623,472)	(2,546,453)
Actuarial losses	1,787,795	1,723,809
Closing balance (end-of-service benefits)	<b>4,449,941</b>	<b>3,591,909</b>

#### Other long-term benefits

Opening balance (long-service awards)	290,389	490,494
Current service costs	12,898	20,417
Interest cost	47,562	80,535
Benefits payments	(140,875)	(63,040)
Plan settlements	-	(123,283)
- Sub-total: change in provision for other long-term benefits	(80,415)	(85,371)
Actuarial (gains)/losses	158,375	(114,734)
Closing balance (long-service awards)	<b>368,349</b>	<b>290,389</b>
<b>Total amount of obligation</b>	<b>4,818,290</b>	<b>3,882,298</b>

### Expected benefit payments

	Expected benefits payments		Expected contributions	
	2017 TZS '000	2016 TZS '000	2017 TZS '000	2016 TZS '000
Years				
In the following year	1,345,341	1,007,908	56,056	44,865
In current year +2	290,995	875,786	32,333	97,310
In current year +3	812,082	117,235	90,231	13,026
In current year +4	553,937	755,146	61,549	83,905
In current year +5	794,015	545,331	88,224	60,592
In current year + 6 and > (in aggregate)	3,596,296	3,698,496	399,588	410,944

### Significant actuarial assumptions

	2017 TZS '000	2016 TZS '000
Discount rate at 31 December	14%	17.75%
Future annual salary increases	6%	6%
Interest/inflation rate	5%	5%
Average duration of the obligation	15years	15 years

### Sensitivity analysis

The assumptions with the greatest impact on the results are:

Discount +1%	4,601,858	3,732,298
Discount -1%	5,058,347	4,046,061
Interest +1%	808,138	752,044
Interest -1%	816,249	756,526

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

### Membership statistics

Active members		
Headcount	278	278
Average age	42.70	42.24
Average future service	5	4.66
Average annual pensionable salary	23,902	21,932

The scheme has no retired or inactive members.



## Notes to the Financial Statements

For the year ended 31 December 2017

### 29. OTHER STATUTORY PAYROLL REMITTANCES

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

	2017 TZS '000	2016 TZS '000
Skills and Development Levy	567,661	732,194
Workers Compensation Fund	106,953	108,080

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

Pay As You Earn	3,615,798	4,448,106
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At year-end the following amounts were outstanding and were payable to TRA. The amounts are included in trade and other payables as at year end and were subsequently remitted after year-end.

Skills and Development Levy	86,150	27,970
Pay As You Earn	452,255	5,168
Workers compensation fund	12,481	11,754

### 30. RELATED PARTY TRANSACTIONS

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

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

#### (a) Sales to related parties

The Company sells materials and spare parts to related companies. The transactions with the related companies were as follows:

Related party	Relationship	2017 TZS '000	2016 TZS '000
Austral Cimentos Sofala SA	Sister company	-	2,732
Interlac	Sister company	-	1,663,967

#### (b) Purchases from related parties

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

Related party	Relationship	2017 TZS '000	2016 TZS '000
Heidelberg Cement AG	Ultimate parent	149,145	118,260
Scancem International DA	Holding Company	22,292,800	24,121,309
HC Trading Malta Limited	Sister company	4,573,764	-

#### (c) Amounts due to/from related parties

Balances outstanding at the end of the year to and from related companies are as follows:

##### Due from related parties

Austral Cimentos Sofala SA	-	2,732
Interlac	-	1,049,963
	-	1,052,695

##### Due to related parties

Heidelberg Cement AG	267,405	118,260
Scancem International DA	2,365,140	1,029,104
HC Trading Malta Limited	4,573,764	-
	7,206,309	1,147,364





## Notes to the Financial Statements

For the year ended 31 December 2017

### Terms and conditions of transactions with related parties:

The balances are due on demand. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 December 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.

### (d) 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.

	2017 TZS '000	2016 TZS '000
Short-term employee benefits (Salaries and allowances)	5,445,162	3,696,769
Post-employment benefits (defined contribution plans)	234,223	412,080
	<b>5,679,385</b>	<b>4,108,849</b>

- No terminal or other term benefits were paid to key management personnel during the year (2016: Nil).
- As at year-end, there was no outstanding amount with key management personnel
- The amounts disclosed in the table above are the amounts recognised as an expense during the period related to key management personnel.

### 31. PROVISIONS

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

	2017 TZS '000	2016 TZS '000
At 1 January	3,372,972	2,559,677
Provision for the year	384,409	813,295
Release of provision	(1,708,602)	-
<b>At 31 December</b>	<b>2,048,779</b>	<b>3,372,972</b>

The key assumptions used in determining the provision are:

- The useful life of the site is estimated to be 30 years and the provision is made based on the discounted expected cost of closure at the end of this period.
- The cost will be incurred in USD
- The estimated cost is USD 0.2 per ton of material mined from the quarry site.
- The applicable discount rate equals 14% (2016: 16.75%) which fairly approximates to the market rate
- Tanzania inflation rate used was 5.4% (2016: 4.9%)
- The expected timing of the provision is to be utilised over periods after more than one year from the reporting date.

## Notes to the Financial Statements

For the year ended 31 December 2017

### 32. INCOME TAX

#### (i) Income tax expense

	2017 TZS '000	2016 TZS '000
Current income tax charge	21,229,157	19,775,366
Under-provision from previous years taxes	482,688	99,845
Deferred income tax credit	(1,210,413)	(2,254,468)
Current income tax charge - prior periods	9,500,000	-
	<b>30,001,432</b>	<b>17,620,743</b>

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

Accounting profit before taxation	65,597,825	57,458,536
Tax applicable rate of 30% (2016: 30%)	19,679,347	17,237,561
Tax effect on non-taxable/non-deductible items		
Disallowable expenses for tax purposes*	339,397	283,337
Under-provision from previous years taxes	482,688	99,845
Current income tax charge - prior periods	9,500,000	-
Income tax expense	<b>30,001,432</b>	<b>17,620,743</b>

#### (iii) Deferred income tax

Accelerated depreciation for tax purposes	103,850,847	108,811,292
Provisions for post-employment benefits	(2,872,120)	(2,273,223)
Write-down of inventory to net realisable value	(10,611,023)	(15,465,252)
Actuarial losses on employee benefits obligation	(1,946,170)	(1,609,075)
Provision for impairment of receivables	(1,848,566)	(1,535,340)
Provision for quarry site restoration	(2,048,779)	-
Unrealised exchange loss	(13,489,541)	(920,893)
Unrealised exchange gain	13,214,956	821,785
Other temporary differences	(179,794)	612,436
	<b>84,069,810</b>	<b>88,441,730</b>

	2017 TZS '000	2016 TZS '000
Deferred income tax liability thereon at 30%	25,220,943	26,532,519
Less: Opening deferred tax liability	(26,532,519)	(29,269,710)
Deferred income tax charge	<b>(1,311,576)</b>	<b>(2,737,191)</b>
Deferred income tax credit to profit	(1,210,413)	(2,254,468)
Deferred tax prior period	482,688	-
Deferred income tax credit to other comprehensive income	(583,851)	(482,723)
	<b>(1,311,576)</b>	<b>(2,737,191)</b>

#### (iv) Current income tax payable/ (recoverable)

Tax payable/(receivable) brought forward	(1,649,132)	2,608,582
Tax charge for the year	21,229,157	19,875,212
Current income tax charge - prior periods	9,500,000	-
Tax payments during the year	(20,645,696)	(24,132,926)
Current income tax payable/(recoverable)	<b>8,434,329</b>	<b>(1,649,132)</b>

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

### 33. DIVIDEND PROPOSED AND APPROVED

#### Dividends on ordinary shares:

Final dividend 2016: TZS 60 per share (2015: TZS 100 per share)	10,795,386	17,992,310
First Interim dividend 2017: TZS 120 per share (2016: TZS 120 per share)	21,590,772	21,590,772
Second Interim dividend 2017: TZS 70 per share (2016: TZS 90 per share)	12,594,617	16,193,079
<b>Total</b>	<b>44,980,775</b>	<b>55,776,161</b>

Where required by law, dividends paid are subject to withholding tax which is payable to Tanzania Revenue Authority.

Subsequent to year-end, the Board proposed a final dividend for 2017 totalling TZS 17.99 billion (2016: TZS 10.7 billion) being TZS 100 per share (2016: TZS 60 per share).





## Notes to the Financial Statements

For the year ended 31 December 2017

### 34. DIVIDEND PAYABLE

Dividend payable as at year end comprises of:

Scancem International DA

Third party

	2017 TZS '000	2016 TZS '000
Scancem International DA	8,285,800	10,653,172
Third party	7,233,995	8,068,298
	<b>15,519,795</b>	<b>18,721,470</b>

### 35. COMMITMENTS AND CONTINGENCIES

#### Capital commitment

No major capital commitment during the year.

#### Operating lease commitment - Company as lessee

The Company has entered into commercial lease of land for limestone extraction and the factory area. Limestone extraction occupies approximately 80% of the lease area. The lease has an average life of 77 years. Amount of rental per annum is agreed annually and rent is paid on annual basis. The lease is renewable on expiry. Rental expense disclosed below excludes portion of leased land occupied by limestone quarry.

Rental expenses recognised during year	52,500	52,500
Within one year	52,500	52,500
After one year but not more than five years	105,000	157,500
More than five years	3,412,500	3,570,000
	<b>3,570,000</b>	<b>3,570,000</b>

#### 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 2017, the Company had not received any advances for rent. Rent is received on annual basis.

Rental expenses recognised during year	<b>53,179</b>	<b>49,501</b>
Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:		
Within one year	53,179	49,501
After one year but not more than five years	49,780	102,959
	<b>102,959</b>	<b>152,460</b>

#### Guarantees and other financial facilities

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

	2017 TZS '000	2016 TZS '000
Guarantees and standby letters of credit	19,405,883	16,325,000

#### Legal claims

Contingent liabilities relate to several court cases on land trespassing, alleged unfair termination of employment contracts and breach of business contracts all amounting to TZS 1.1 billion (2016: TZS 479 billion).

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

#### Contingent asset

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

#### Tax assessment

As at 31 December 2017, the Company had unresolved VAT assessment, with possible loss of TZS 1.4 billion. The Company objected to the assessments and paid the required one third of the assessed amounts where required. The Company has submitted detailed documentation to the revenue authority to support the objections. The 1/3 deposit made in line with the law is reflected in the statement of financial position and classified as a short-term receivable.

### 36. EARNINGS PER SHARE

Profit attributable to ordinary equity holders	35,596,393,000	39,837,794,000
Weighted average number of ordinary shares	179,923,100	179,923,100
<b>Basic and diluted earnings per share (TZS)</b>	<b>198</b>	<b>221</b>

## Notes to the Financial Statements

For the year ended 31 December 2017

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

### 37. SEGMENT REPORTING

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

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

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

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

### 38. EVENTS AFTER THE REPORTING DATE

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

### 39. FINANCIAL RISK MANAGEMENT

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

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

#### a. Treasury risk management

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

#### b. Foreign currency risk

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

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

	Increase/(decrease) in the value of TZS vs. USD	Effect on profit before Tax TZS'000
Net effect based on Statement of Financial Position as at 31 December 2017	+10%	617,645
	-10%	(617,645)
Net effect based on Statement of Financial Position as at 31 December 2016	+10%	165,680
	-10%	(165,680)

The sensitivity analysis has been determined based on the net exposure as at 31 December 2017. The change of 10% is what is used when determining the net foreign currency transaction risk reported internally to key management personnel to assess reasonably possible change in foreign exchange rates.





## Notes to the Financial Statements

For the year ended 31 December 2017

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

	Exposure in EURO translated in TZS TZS'000	Exposure in USD translated in TZS TZS'000	Total in function currency TZS'000
<b>At 31 December 2017</b>			
<b>Financial assets</b>			
Trade and other receivables	-	55,870	55,870
Cash and cash equivalents	1,665	8,184,044	8,185,709
Other financial assets	-	20,863,896	20,863,896
	<b>1,665</b>	<b>29,103,810</b>	<b>29,105,475</b>
<b>Financial liabilities</b>			
Trade and other payables	263,871	2,063,462	2,327,333
<b>Net exposure</b>	<b>(262,205)</b>	<b>27,040,348</b>	<b>26,778,142</b>
<b>At 31 December 2016</b>			
<b>Financial assets</b>			
Trade and other receivables	-	2,579,363	2,579,363
Cash and cash equivalents	1,913	6,042,843	6,044,756
	<b>1,913</b>	<b>8,622,206</b>	<b>8,624,118</b>
<b>Financial liabilities</b>			
Trade and other payables	-	6,965,405	6,965,405
<b>Net exposure</b>	<b>1,913</b>	<b>1,656,801</b>	<b>1,658,713</b>

Exchange rates applicable were as follows:

	TZS:EURO	TZS:USD
On 1 January 2017	2,364	2,248
On 31 December 2017	2,693	2,244
On 1 January 2016	2,416	2,224
On 31 December 2016	2,364	2,248

### c. Credit risk management

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

Maximum exposure to credit risk	Notes	2017 TZS'000	2016 TZS'000
Trade receivables	21	28,666,195	25,476,160
Other short-term financial assets	22	8,996,793	4,112,635
Other financial assets	23	20,863,896	-
Bank balances	24	34,739,002	23,175,669
		<b>93,265,886</b>	<b>52,764,464</b>

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

Analysis of credit risk mitigation:

Trade receivables	21	28,666,195	25,476,160
Bank guarantees	35	(19,405,883)	(16,325,000)
<b>Unguaranteed trade receivables</b>		<b>9,260,312</b>	<b>9,151,160</b>

No collateral is held for any of the above assets. Furthermore, the Company does not grade the credit quality of receivables. All the receivables that are neither past due or impaired are within their approved limits and no receivables have had their terms renegotiated.

### d. Liquidity risk

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

## Notes to the Financial Statements

For the year ended 31 December 2017

### At 31 December 2017

#### Financial liabilities

Interest-bearing loan

Trade and other payables

Dividend payable

### At 31 December 2016

#### Financial liabilities

Interest-bearing loan

Trade and other payables

Dividend payable

On demand TZS '000	Less than 3 months TZS '000	1 to 5 years TZS '000	More than 5 years TZS '000	Total TZS '000
-	5,021	-	-	5,021
3,796,542	41,842,001	-	-	45,638,543
15,519,795	-	-	-	15,519,795
<b>19,316,337</b>	<b>41,847,022</b>	<b>-</b>	<b>-</b>	<b>61,163,359</b>
-	5,021	-	-	5,021
3,834,824	31,943,526	-	-	35,778,350
18,721,470	-	-	-	18,721,470
<b>22,556,294</b>	<b>31,948,547</b>	<b>-</b>	<b>-</b>	<b>54,504,841</b>

The amount for interest-bearing loans as at 31 December, 2017 refers to only portion of interest payable on a past loan whose whole principal amount has already been paid. As such this amount equals the balance of the loan recorded on the balance sheet since no interest is applicable.

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

The Company's objective is to maintain a balance between continuity of funding and flexibility.

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing creditors.

#### (e) Fair value measurements

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

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

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





## Notes to the Financial Statements

For the year ended 31 December 2017

### (f) Capital management

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

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 31 December 2016.

	Notes	2017 TZS'000	2016 TZS'000
<b>Financial liabilities less cash and cash equivalents</b>			
Interest bearing loans	26	5,021	5,021
Trade and other payables	27	45,638,543	35,778,350
Cash and cash equivalents	24	(34,739,002)	(23,175,669)
		<b>10,904,562</b>	<b>12,607,702</b>
<b>Net debt</b>			
Equity		186,465,797	197,212,498
Capital and net debt		197,370,359	209,820,200
<b>Gearing ratio</b>		<b>6%</b>	<b>6%</b>

### 40. APPROVAL OF FINANCIAL STATEMENTS

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





Group Quarry Life Award participants brief about rehabilitation activities at TPCC tree nursery.





Tree nursery at TPCC Quarry.







## 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 Ramada Beach Resort  
Mbezi Beach  
Dar es Salaam

Date: 30th May 2018  
Time: 11:00am

and at any adjournment thereof

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

#### Notes:

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

#### Form to be returned to:

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





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

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

The Ramada Beach Resort      Tarehe: 30 Mei 2018  
Mbezi Beach                      Saa: Tano asubuhi  
Dar es Salaam

au huu Mkutano ukiairishwa, katika huo Mkutano ulioairishwa

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

#### Zingatia Yafuatayo:

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

#### Fomu irudishwe kwa:

Katibu - Meneja Utendaji wa Kiofisi  
CAD Securities Limited  
Ghorofa la Pili, Ofisi 215, Jengo la Ubungo Plaza  
S. L. P. 11488, Dar-es-salaam  
Simu Namba. +255 779 303030  
Barua Pepe: [judith@cadsecurities.com](mailto:judith@cadsecurities.com) au [neema@cadsecurities.com](mailto:neema@cadsecurities.com)







Rehabilitated area at TPCC Quarry.





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TANZANIA PORTLAND CEMENT COMPANY LIMITED  
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