2018 ANNUAL REPORT

twiga cement

HEIDELBERGCEMENT Group

TANZANIA PORTLAND CEMENT PUBLIC LIMITED COMPANY

CONTINUOUS IMPROVEMENT

CONTINUOUS IMPROVEMENT
TANZANIA PORTLAND CEMENT PLC ANNUAL REPORT 2018

twiga cement
HEIDELBERGCEMENT Group

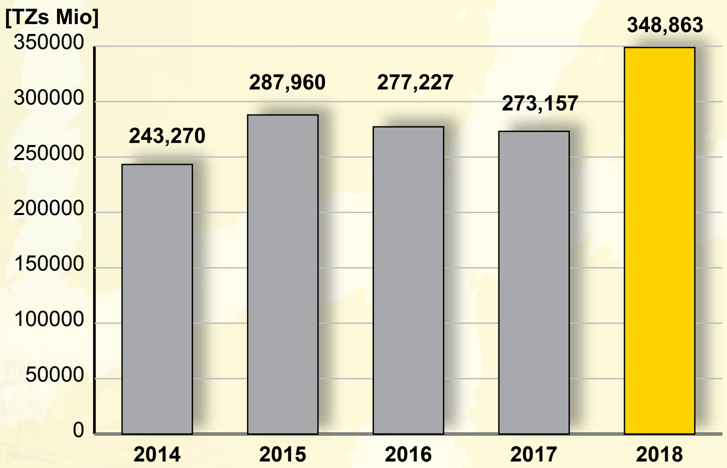
Kigamboni Bridge - Dar es Salaam. One of Tanzania's iconic structures built with Twiga Cement.

Photo Credit: @dhlaxman

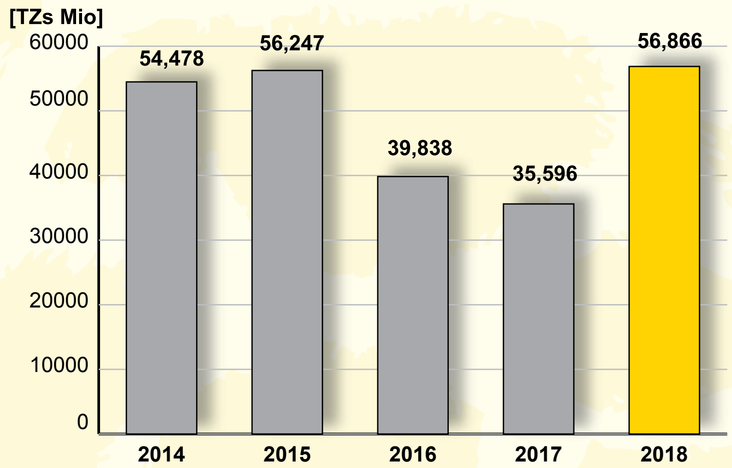
Financial Highlights

Figures in TZS' 1000	2014	2015	2016	2017	2018
Number of employees (yearly average)	318	313	291	286	285
Income statement					
Revenue	243,269,641	287,959,748	277,226,967	273,157,459	348,863,384
Operating income before depreciation (OBID)	89,875,999	93,056,168	74,166,028	80,739,178	97,867,052
Operating income (OI)	75,643,431	73,797,955	53,887,091	62,672,790	80,061,037
Profit for the financial year	54,478,236	56,246,507	39,837,793	35,596,393	56,866,094
Earnings per share (TZS)	302.79	312.61	221.42	197.84	316.06
Dividend per share (TZS)	267.00	306.00	270.00	290.00	290.00
Investments					
Total investments in fixed assets	29,593,261	10,451,269	4,915,052	5,326,099	9,805,974
Depreciation and amortisation	-14,232,568	-19,258,213	-17,912,591	-18,066,388	-17,806,015
Balance sheet					
Non-current assets	190,415,593	181,454,208	165,953,492	169,923,915	149,766,234
Current assets	122,706,699	127,185,787	119,551,637	118,227,582	172,994,558
Equity	229,711,529	213,903,961	197,212,498	186,465,797	224,935,758
Non-current liabilities	36,829,362	37,594,456	33,787,789	32,088,012	29,240,226
Current liabilities	46,581,401	57,141,579	54,504,842	69,597,688	68,584,808
Balance Sheet Total	313,122,292	308,639,995	285,505,129	288,151,497	322,760,792
Net debt [(+) means geared]	7,022,542	-4,459,782	12,607,702	10,904,562	-4,829,170
Ratios					
OBID Margin	37%	32%	27%	30%	28%
OI Margin	31%	26%	19%	23%	23%
Net debt/shareholders' equity	3%	-5%	6%	6%	-2%
Net debt/OIBD	0.08x	-0.05x	0.17x	0.14x	-0.05x
Memo items:					
- Average exchange rate TZS/USD	1,707	2,097	2,252	2,246	2,284
- Closing exchange rate TZS/USD	1,770	2,224	2,248	2,244	2,310

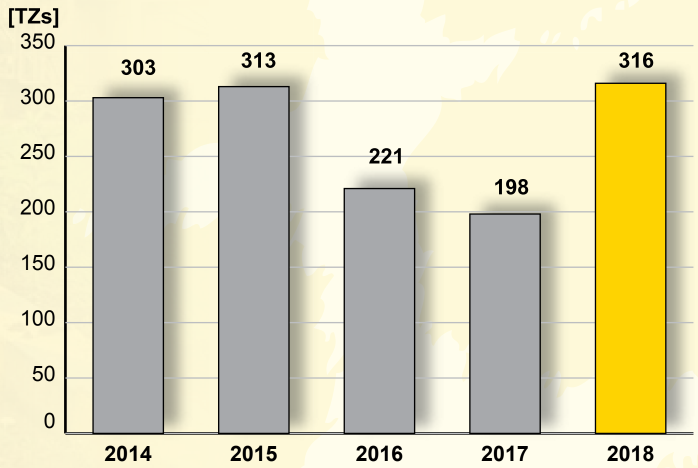
Revenue Development



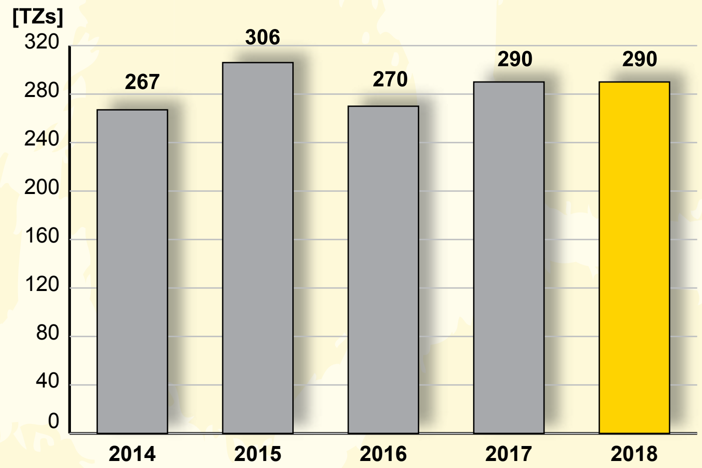
Profit/Loss in the Financial Year



Earning per Share



Dividend per Share



Contents/**Yaliyomo**

Company Information
Taarifa Muhimu za Kampuni

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
MAHALI OFISI ILIPOSAJILIWA NA ENEO LA SHUGHULI ZA KAMPUNI

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

GROUP NAME:
JINA LA 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 MASUALA 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 Public Limited Company

Letter of Transmittal

The Directors of the Company have the pleasure to submit to you the Annual Report for the Company for the year ended 31 December 2018 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 (2017: TZS 290). There was no interim dividend paid for the year ended 31 December 2018.

Hakan Gurdal

CHAIRMAN

Tanzania Portland Cement Public Limited Company

Kwa Wanahisa

Tanzania Portland Cement Public Limited Company

Barua ya Kuwasilisha

Wakurugenzi wa Kampuni wanayo furaha kuwasilisha kwenu Taarifa ya Mwaka ya Kampuni kwa kipindi cha mwaka ulioishia Decemba 31, 2018, 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 2018 (2017: TZS 290). Hakukuwepo na gawio la awali lililolipwa kwa mwaka 2018

Hakan Gurdal

MWENYEKITI

Tanzania Portland Cement Public Limited Company

TPCPLC 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.

Mr. Hakan Gurdal
Board Chairman

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, as Chairman of the Board. It therefore gives me great pleasure to report that during the year 2018 Tanzania Portland Cement Company Limited (TPCPLC) maintained its leadership position, in a challenging market environment characterised by new entrants and additional extra capacity. The TPCPLC management and all employees have demonstrated high flexibility and efficient management behaviour towards changes in the environment. Their strong personal dedication and unconditional loyalty to TPCPLC are major strengths and thus contributed greatly to the strong market position of TPCPLC today.

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

Economic and Business Environment

The Tanzanian economy grew at a pace of about 6.8% in 2018 (Source: TNBS) in line with the positive trend of previous years. The cement market is estimated to have grown at similar rate.

The TZS exchange rate has remained stable versus main foreign currencies in 2018, 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 TPCPLC management structures, underscoring the efficiency of the cost fitness plans developed in the previous years.

Financial Performance

Despite of the competitive environment, TPCPLC achieved record sales volumes in 2018. This was a result of high production efficiency, commitment of our employees, implementation of efficient sales strategies and the enhancement of product portfolio.

Total revenue increased by TZS 75.7bn (28%) compared to previous year due to higher volumes and stable prices. Overall, TPCPLC was able to bank on its great brand recognition, customer satisfaction and product and service quality to maintain healthy contribution margins. TPCPLC reached an Operating Profit of TZS 80.1bn mainly due to higher volumes, stable pricing, 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, TPCPLC'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. TPCPLC is well positioned for sustainable and profitable growth in the future.

Dividend

The Board remains focused on building shareholder value and we are confident that by following our strategy, driving efficiencies and managing costs carefully, we will achieve this. The Board therefore proposes a dividend for 2018 of TZS 290 per share. The proposed dividend of 290 TZS/share will be paid in June 2019.

Corporate Citizenship

TPCPLC 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.

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

Appreciation

On behalf of the Board, I would like to thank all TPCPLC's stakeholders, partners, customers and employees who have 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 TPCPLC will continue to deliver value for the shareholders in the future.

Hakan Gurdal
Board Chairman

Maelezo Mafupi ya Mwenyekiti

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.

Bw. Hakan Gurdal
Mwenyekiti wa Bodi

Ndugu Wanahisa,

Kwa niaba ya Bodi ya Wakurugenzi na familia ya Twiga, kwa heshima na taadhima nashukuru kwa fursa hii kuweza kuwasilisha taarifa hii kama Mwenyekiti wa Bodi. Ninayo furaha kuwajulisha kuwa kwa mwaka 2018, pamoja na changamoto za ushindani katika soko na ongezeko la uzalishaji saruji, Kampuni imeendelea kuwa kinara katika sekta ya saruji.Jitihada za uongozi wa Kampuni pamoja na wafanyakazi wote na ufanisi katika utendaji kazi umechangia kwa kiasi kikubwa kukabiliana na changamoto za soko na kuiweka Kampuni katika nafasi ya juu katika soko la saruji leo.

Kama ilivyokuwa katika miaka iliyopita, Kampuni imeendelea kufaidika na programu maalum za kuboresha utendaji kazi (CIP) kutoka Kundi la Makampuni ya Heidelberg (HC Group). Utekelezaji wa mpango huu umepelekea Kampuni kuweza kupunguza gharama na kuboresha taratibu mbali mbali za kazi. Tija ipatikanayo kutokana na kubadilishana uzoefu ni moja kati ya nguzo inayotutofautisha na inasaidia katika mafunzo kwa wafanyakazi wa Kampuni.

Mtazamo wa Uchumi na Biashara

Mwaka 2018, 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 kwa kiwango sawa na ukuaji wa uchumi.

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 2018 Kampuni iliweza kufikia malengo ya mauzo ya saruji. Hii ilitokana na ufanisi katika uzalishaji wa saruji, kujituma kwa wafanyakazi, utekelezaji wa mikakati ya mauzo na maboresho katika bidhaa mbalimbali za saruji.

Mwaka 2018, mauzo yaliongezeka kwa shilingi bilioni 75.7 ikilinganishwa na mauzo ya mwaka uliopita. Hii ilitokana na kuimarika kwa bei ya saruji katika soko na kiasi cha saruji iliyouzwa. Kwa ujumal, Kampuni inajivunia kujulikana kwa bidhaa zake katika soko, wateja na ubora wa bidhaa ili kuiwezesha kupata faida. Faida ya undeshaji ilifikia shining bilioni 80.1 na hii ilisababishwa na mauzo ya saruji, kuimarika kwa bei ya saruji, ufanisi, tija na 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 imeifanya TPCPLC 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 2018, Bodi imependekeza gawio la TZS 290 kwa hisa. Gawio pendekezwa la TZS 290 litalipwa mwezi Juni 2019.

Uraia Mwema

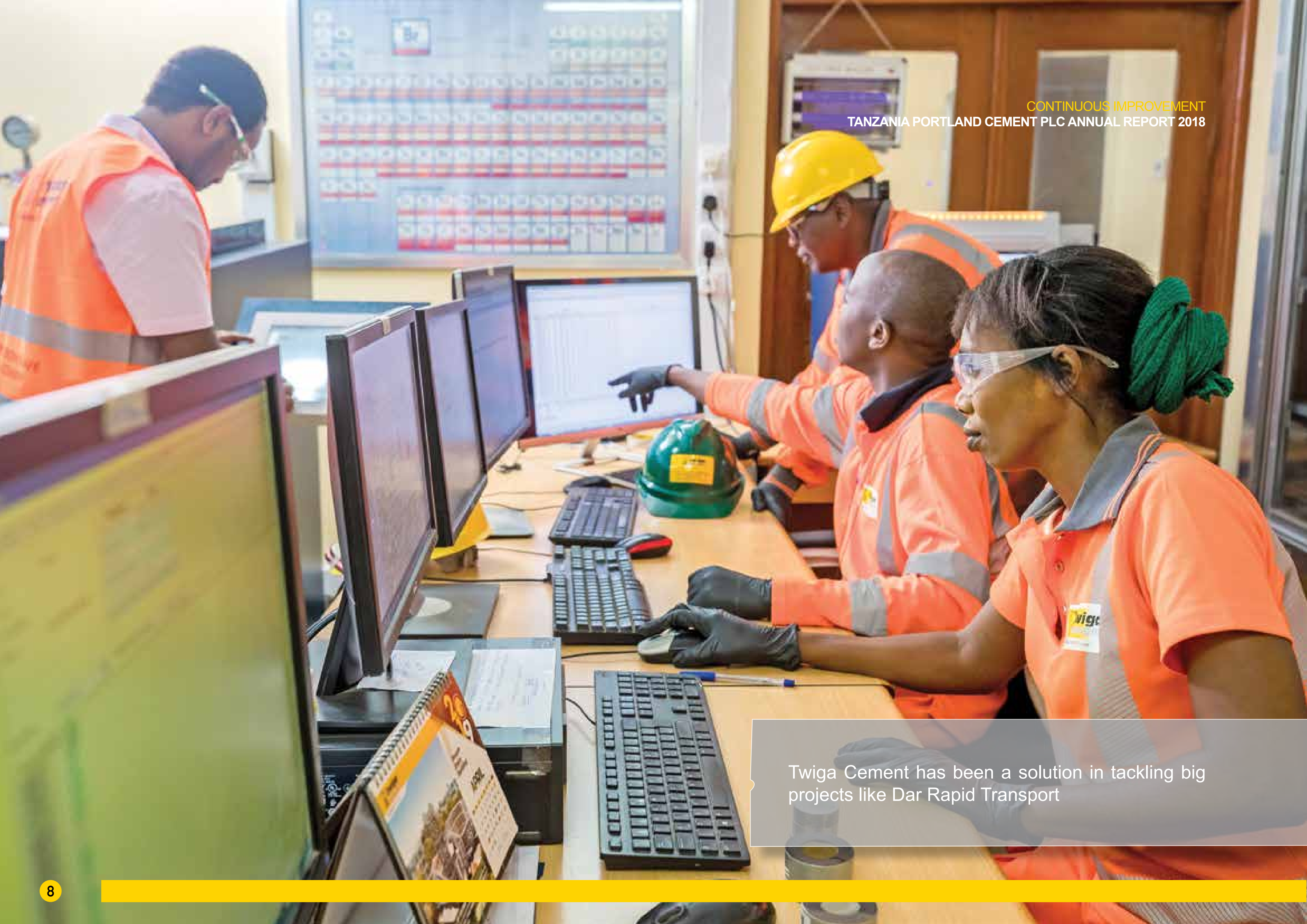
Kampuni inaendelea kutimiza ahadi zake kwa ukamilifu katika shughuli za kijamii na kuchukua hatua stahiki katika kuboresha utendaji katika maeneo ya afya na usalama, kutunza mazingira, utawala bora na haki za binadamu.

TPCPLC ni kati ya wachangiaji wakubwa katika uchumi wa Tanzania na jamii kupitia ulipaji wa kodi kwa serikali, uboreshaji wa teknolojia, uwekezaji, kukidhi viwango vya kimataifa, 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 TPCPLC, 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 TPCPLC itaendelea kuongeza thamani kwa wanahisa wake.

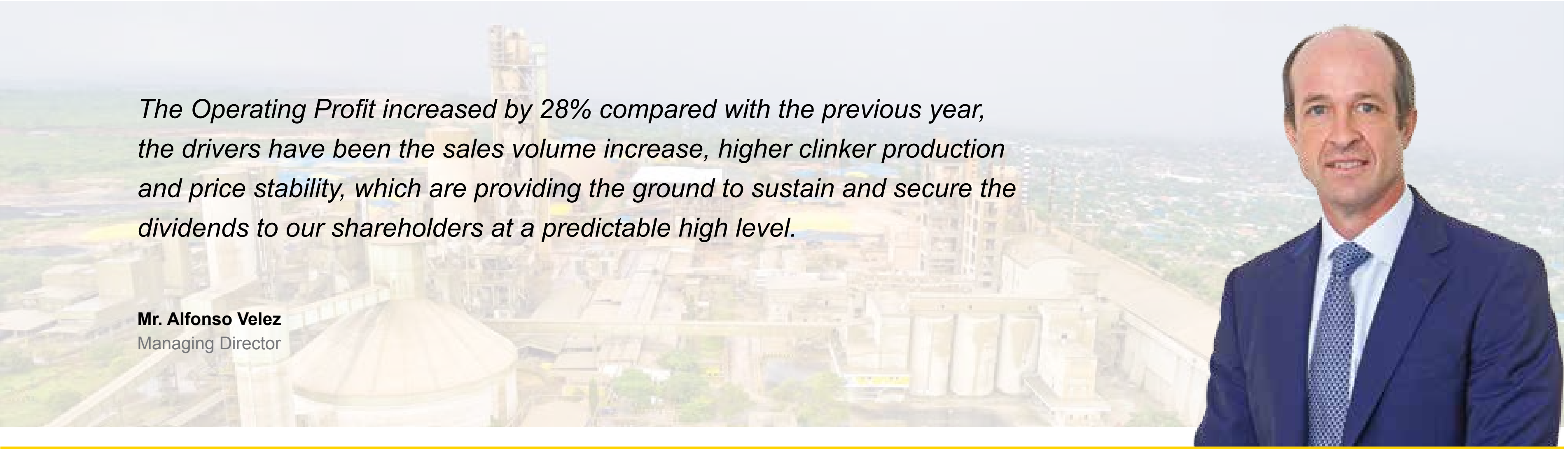
Hakan Gurdal
Mwenyekiti wa Bodi



Twiga Cement has been a solution in tackling big projects like Dar Rapid Transport

Photo Credit: Clayton Lane

Managing Director's Report



The Operating Profit increased by 28% compared with the previous year, the drivers have been the sales volume increase, higher clinker production and price stability, which are providing the ground to sustain and secure the dividends to our shareholders at a predictable high level.

Mr. Alfonso Velez
Managing Director

Introduction

The year of 2018 saw continued growth in the local cement industry, with the market increasing at a higher rate than in the previous year. Competition was again fierce, and yet despite the cement over capacity in the local market, TPCPLC once again strengthened its market leadership and improved previous year results.

In such a competitive scenario the challenge of TPCPLC was improving efficiency and reducing production cost. Once more in 2018 and for the third consecutive year we achieved new records in cement sales and clinker production to offset the general price downward trend of the last years. However in year 2018 the price has been stable almost since the beginning of the year, despite the shortages of cement in the market mainly due to our competitors technical difficulties, TPCPLC has sold 150,000 tons more than in 2017 supporting the market growth of the Country without increasing the price. TPCPLC has continued to improve its processes, consequently the clinker output increased by 7% compared to previous year, and the variable production cost was reduced to secure sustainable growth and to remain competitive in such a difficult market environment. All these challenges tested the team which always probed to be efficient, highly committed and very professional.

The Operating Profit increased by 28% compared with the previous year, the drivers have been the sales volume increase, higher clinker production and price stability, which are providing the ground to sustain and secure the dividends to our shareholders at a predictable high level.

TPCPLC increased sales volume above 9% compared to year 2017, our strong and loyal customer network made it possible, extending our commercial efforts to all the Tanzanian territory and neighbouring countries, and ensuring the brand recognition as a premium for all our customers.

Large overcapacities will remain a challenge for the industry, but we are confident in our teams, products and services to keep supporting our customers finding the best solutions in such a competitive market place and to ensure continuous value creation for our stakeholders.

Sales

In 2018 TPCPLC reached a new sales record, the cement market continued to grow around 7%, in line with GDP (6.8%) and above previous year. Estimated cement market demand of Tanzanian reached 4.7 million MT and TPCPLC growth was 9%. Price stabilization took place at the beginning of the year. Infrastructural projects are supporting the growth but also a more dynamic building activity is observed from the second half of 2018. The SGR Railway, the Port development, or Ubungo flyover at Dar are just a few examples of large construction projects, which will continue to support the expansion of Tanzania in 2019. Twiga has contributed largely towards these key projects.

The cement industry in Tanzania includes six integrated plants and several grinding facilities with production capacity over 9 million MT, as a result utilization capacities are low, but TPCPLC 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, TPCPLC 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. Exportations towards our neighbouring countries could help the industry in his further growth and to reduce the idle capacity that nowadays the Tanzanian cement industry is facing.

Operations

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

Year 2018 hit again the record in TPCPLC for production of clinker and cement. Both kilns achieved better operating coefficients and production rates, as well as the mills. All operational parameters at TPCPLC for the year 2018 show again a positive trend in terms of clinker incorporation and plant performance overall. This was the direct result of the excellent response of the management and the work force to the challenges the industry is facing, confirming once more the need to focus on efficiency improvement and the reduction of production costs to remain competitive.

In 2018 TPCPLC have invested twice as in the two previous years, our capital expenditure projects focused on processes debottlenecking and on clinker sustainable production increase, as a result we were able to produce over 65,000 tons more of clinker compared to 2017. We have also deeply explored the different opportunities to improve the energy management mainly related to the gas consumption and have exploited some of the potential savings linked to the raw material sourcing. On the other hand our top priority remains providing top quality products to our customers, and therefore the quality control system is key for Twiga in order to secure the highest quality standard within the industry. TPCPLC cement plant at Wazo Hill is ready to face the new competition and operational challenges in full compliance with the environmental regulations.

Financial Performance

In year 2018 TPCPLC managed to achieve an Operating Profit of 80.06 bn TZS, 28% above 2017, mainly due to higher total revenue (28%) and clinker production, despite higher selling and administrative expenses (9%), and the strong reduction of fixed non-operating assets sales that were performed in 2017. There is a positive trend in terms of variable cost reduction as a result of a more efficient raw materials and energy cost management that becomes a must to face the current market environment. The cash flow position has also improved and our balance sheet remains robust and healthy mainly due to higher current assets, particularly higher cash and cash equivalents, making possible to deliver good dividends to our shareholders one more year. Year 2018 was also critical to consolidate the processes and the organization at Country level, but also a good opportunity for TPCPLC to lead the new East African Cluster with its best practices. All these efforts together with the operational improvements are making possible to offset the stiff competition and to face the coming challenges with a stronger financial position.

Corporate Citizenship

TPCPLC priority remains the same one more year 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 2018.

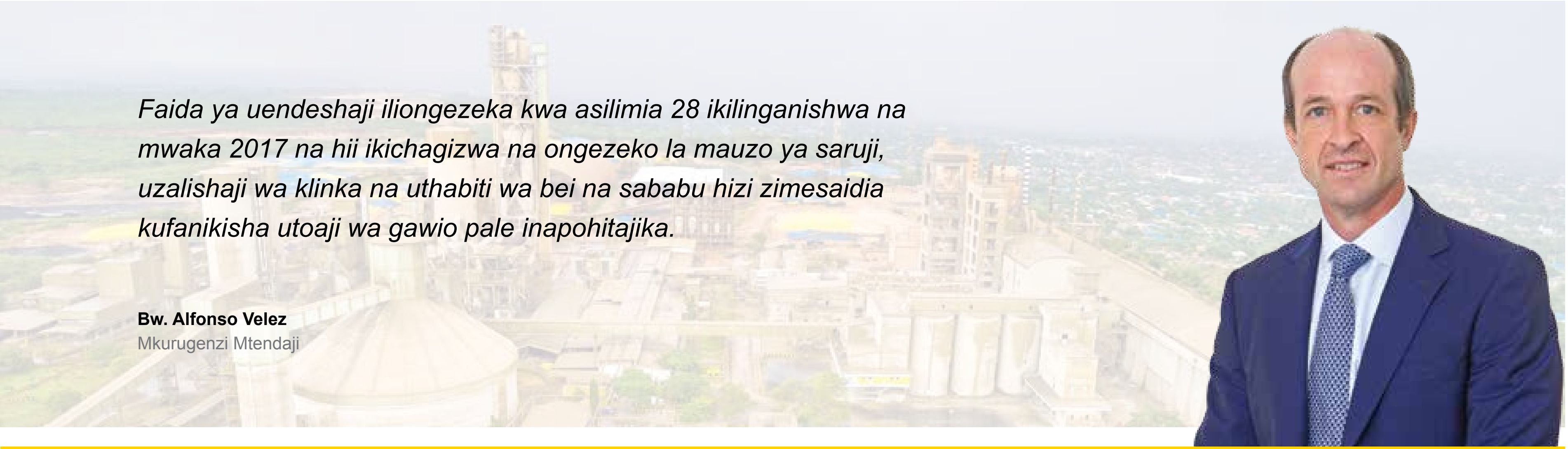
TPCPLC carried out various environment programs as per its environment management plan. More than a 100 environment training programs were facilitated during the year by the company, conducted within our Wazo quarry, participants were stakeholders from NGOs, municipalities, universities, government institutions & diplomatic missions, primary, secondary and higher learning institutions, TPCPLC employees and contractors. These trainings or workshops carried out were on quarry rehabilitation and promotion of urban forestry concept in cement factories. By December 2018, 117,238 tree seedlings were donated for greening activities to the mentioned stakeholders from our tree nursery, and 67,287 were planted for quarry rehabilitation within the factory's quarry. At the same time in 2018, we got the certification of a new environment standard ISO 14001:2015.

On the corporate social responsibility (CSR) front, the company supported nonprofit organizations, schools and government institutions working to advance education, protect the environment, and strengthen communities around the country. During the year 2018, the company intentionally and thoughtfully contributed to changing lives of communities surrounding the plant, and beyond. We especially worked with different schools and nonprofit organizations that awaken and deepen student's interest in STEAM (science, technology, engineering, arts and math) disciplines, based within Dar es Salaam.

Future Ahead

The industry will continue to face tough competition, but TPCPLC will continue to work to maintain its market leadership position, and will remain fully committed to support the growth of the Nation, by developing 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. TPCPLC will lead the industry with the highest standards to become a reference in the market, making sure our customers and stakeholders are the beneficiaries of our different initiatives. TPCPLC is a customer oriented Company fully committed to provide brand recognition through our value added services and quality products. Our Team is determined to keep our competitive edge in the market and also in our operations. I would like to thank all our stakeholders for their support during the year. We have every confidence that TPCPLC will continue to deliver value for the shareholders in 2019.

Taarifa ya Mkurugenzi Mtendaji



Faida ya uendeshaji iliongezeka kwa asilimia 28 ikilinganishwa na mwaka 2017 na hii ikichagizwa na ongezeko la mauzo ya saruji, uzalishaji wa klinka na uthabiti wa bei na sababu hizi zimesaidia kufanikisha utoaji wa gawio pale inapohitajika.

Bw. Alfonso Velez
Mkurugenzi Mtendaji

Utangulizi

Katika mwaka 2018, tumeshuhudia ukuaji wa viwanda vya ndani vya saruji huku soko la saruji likiongezeka kwa kiwango kikubwa kuliko mwaka uliopital. Ushindani ukingali mkubwa hata hivyo TPCPLC imeendeleakujiimarisha katika uongozi wa soko na kuongeza faida kila mwaka.

Katika hali hii ya ushindani, TPCPLC imeweza kuongeza ufanisi katika utendaji wa kazi na pia kupunguza gharama za uzalishaji. Kwa mara ya tatu mfululizo, Kampuni imeweza kuweka rekodi katika mauzo ya saruji na uzalishaji wa klinka, hii imesaidia kufidia anguko la bei kwa miaka ya iliyopita. Katika kipindi hiki, haikubadilika sana pamoja na kuwepo kwa upungufu wa saruji katika soko uliosababishwa na matatizo ya kiufundi kwa baadhi ya washindani wetu. Mwaka 2018, TPCPLC iliweza kuuza tani 150,000 zaidi ikilinganishwa na mwaka 2017 na hii ilichangia ukuaji wa soko pasipo kuongeza bei ya saruji. TPCPLC imeendelea kuboresha mifumo ya utendaji kazi na hii imechangia ongezeko la asilimia 7 la uzalishaji wa klinka ikilinganishwa na uzalishaji wa mwaka 2017. Vile vile, wafanyakazi wameendelea kufanya kazi kwa ufanisi zaidi na weledi.

Faida ya uendeshaji iliongezeka kwa asilimia 28 ikilinganishwa na mwaka 2017 na hii ikichagizwa na ongezeko la mauzo ya saruji, uzalishaji wa klinka na uthabiti wa bei na sababu hizi zimesaidia kufanikisha utoaji wa gawio pale inapohitajika.

Usambazaji wa saruji umeongezeka kwa asilimia 9 ikilinganishwa na mwaka 2017 na hii imefanikishwa na mtandao mzuri wa wateja wetu ambao wameweza kufikisha bidhaa zetu katika maeneo mbali mbali ya ndani na nje ya nchi yetu na kuwezesha bidhaa zetu kutambulika kwa wateja wetu wote.

Ziada katika soko imeendelea kuwa ni changamoto kubwa lakini tuna imani na timu yetu, bidhaa zetu na huduma tunazozitoa ili kuwezesha wateja wetu kupata suluhisho sahihi katika soko hili la ushindani na kuendelea kuongeza thamani wa wadau wetu.

Mauzo

Mwaka 2018, TPCPLC iliweza kuweka rekodi ya juu ya mauzo huku soko la saruji likiongezeka kwa asilimia 7 sawa kabisa na ongezeko la pato la taifa la asilimia 6.8. inakadiriwa kuwa uhitaji wa saruji nchini umefikia tani milioni 4.7 huku TPCPLC ikiwa na ongezeko la asilimia 9%. Miradi ya miundombinu imechangia kwa kiasi kikubwa ongezeko hili hasa katika nusu ya pili yam waka 2018. Ujenzi wa reli, upanuzi wa bandari, daraja la Ubungo ni baadhi ya miradi mikubwa michache ya ujenzi ambapo saruji chapa Twiga imetumika.

Sekta ya saruji Tanzania inajumuisha viwanda sita (6) vya uzalishaji wa saruji na viwanda kadhaa vya kusaga saruji ambavyo vina uwezo wa kuzalisha tani milioni tisa (9). Kutokana na hali ya soko, Kampuni imeimarisha timu yake ya masoko, kuhakikisha kuwa bidhaa zetu zinafika mikoa yote nchini na kufanya kazi pamoja na wateja wetu ili bidhaa zetu ziweze kufika kila mahali. Saruji ya ziada inafikia tani milioni nne (4), hivyo kufanya ushindani kuwa mgumu katika vipindi vijavyo. Pamoja na changamoto hii Kampuni imedhamiria kuwa kiongozi katika soko la saruji kwa kusambaza saruji yenye ubora na kuhakikisha inakidhi mahitaji ya wateja. Mauzo ya saruji kwa nchi za jirani itasaidia kukua kwa sekta ya saruji na pia itasaidia kupunguza saruji ya ziada katika soko la ndani.

Uendeshaji

Jitihada zilifanyika katika huu mwaka zilijikita katika kuhakikisha kunakuwa na ongezeko la uzalishaji wa klinka, kukabiliana na changamoto za kiufundi, uzalishaji na usambazaji wa bidhaa zenye ubora wa juu na kuwa na mahusiano mazuri na wateja huduma bora zaidi. Hii imefanya TPCPLC kufikia matokeo mazuri ya mwaka

Kwa mara nyingine tena, Kampuni imefikia kiwango cha juu cha uzalishaji wa klinka na saruji, hii imetokana na utendaji bora wa matanuru na mitambo ya kuzalisha saruji. Viwango vya uendeshaji vimeendelea kuwa vizuri kwa mwaka mzima. Hii imetokana na utayari wa uongozi na wafanyakazi katika kukabiliana na changamoto mbalimbali, ufanisi wa kazi na punguzo la gharama za uzalishaji.

Kama ilivyokuwa kwa miaka miwili iliyopita, Kampuni imeendelea kuwekeza rasilimali ili kuhakikisha kunakuwa na ongezeko endelevu la uzalishaji wa klinka, nah ii imechangia ongezeko la tani 65,000 za klinka ukilinganisha na mwaka 2017. Kama Kampuni tumeangalia fursa mbalimbali ili kuboresha matumizi ya nishati hasa ya gesi na pia vyanzo vya upatikanaji wa malighafi. Kwa upande mwingine tumeweka mkazo katika uzalishaji wa bidhaa bora kwa wateja wetu hivyo basi mfumo wa udhibiti wa ubora ni muhimu kwa saruji chapa Twiga kufikia viwango vya juu vya ubora katika soko. Pia Kampuni inatimiza matakwa na sheria za mazingira.

Utendaji wa Kifedha

Faida ya uendeshaji ilifikia shilingi bilioni 80.06, ikiwa ni asilimia 28 zaidi ikilinganishwa na mwaka 2017 na hii ilisababishwa na ongezeko la mauzo (28%) na uzalishaji wa klinka hata hivyo gharama za mauzo na utawala ziliongezeka kwa asilimia 9% na uuzaji wa rasilimali zisizo tumika. Kupungua kwa gharama za uzalishaji kutokana na ufanisi katika matumizi ya malighafi na nishati. Hali ya kifedha na mizania imeendelea kuimarika na hii ikisababishwa na rasilimali za muda mfupi hasa baki ya fedha ambayo imewezesha kampuni kulipa gawio kwa wana hisa wake. Mwaka 2018 tulipitia taratibu mbalimbali na mfumo mzima katika ngazi ya nchi na pia imepatia fursa kwa Kampuni kuongoza klasta ya Afrika Mashariki katika taratibu bora za utendaji. Jitihada zote hizi pamoja na maboresho ya utendaji yamesaidia katika kukabiliana na ushindani na changamoto zijazo tukiwa katika hali nzuri kifedha.

Uraia Mwema

Ni kipaumbele cha Kampuni kuhakikisha usalama wa wafanyakazi wake na kuwakinga kutokana ajali na matukio hatarishi katika maeneo ya kazi, lengo ni kutokuwa na ajali kabisa na pia kukidhi kigezo cha Afya na Usalama na pia kuhuhisha ithibati 18001, yote hii ilifanyika mwaka 2018.

TPCPLC imetekeleza shughuli mbalimbali za mazingira kama ilivyoainishwa kwenye mpango wake wa mazingira. Shughuli zaidi mia moja ziliwezeshwa katika mwaka 2018 na Kampuni. Shughuli hizi zilfanyika kwenye machimbo ya Wazo huku washiriki wakitokea kwenye asasi, manispaa, vyuo vikuu, taasisi za Serikali, balozi, shule za msingi na sekondari, wafanyakazi wa TPCPLC na wakandarasi. Shughuli hizi zilifanyika katika machimbo kama njia ya kuhamasisha utunzaji wa miti katika maeneo ya mijini na maeneo ambapo viwanda vya saruji vipo. Kufikia mwezi Desemba jumla ya miche 117,238 kutoka katika vitalu vilivyopo katika machimbo ilitolewa kama msaada kwa wadau waliotajwa hapo juu, miche 67,287 ilipandwa katika machimbo ili kurejesha hali yake ya awali. Pia mwaka 2018 tulipata ithibati ya ISO 14001:2015

Kwenye nyanja ya jamii, Kampuni ilizisaidia taasisi zisizo za kiserikali, mashule na taasisi za kiserikali katika kutoa mafunzo ya kutunza mazingira na kuimarisha jamii nchini. Mwaka 2018 Kampuni ilichangia shughuli katika jamii zinazoizunguka kiwanda na za nje. Kampuni ilifanya kazi na mashule na asasi zilizojikita kwenye STEAM (sayansi, teknolojia, uhandisi, Sanaa na hisabati) zilizokuwa zinapatikana katika mkoa wa Dar es Salaam.

Hitimisho

Ushindani katika soko la saruji utaendelea na TPCPLC itaendelea kuweka jitihada ili kuendelea kushikilia nafasi ya uongozi katika soko na dhamira yake katika kusaidia ujenzi wa nchi kwa kutengeneza bidhaa bora ambazo zitafikia sehemu zote kwa bei nafuu kutokana na mkazo kuwekwa kwenye kupunguza gharama za uzalishaji na kuboresha utaratibu wa kazi, sera endelevu za afya na usalama kwa wafanyakazi na pia sera za mazingira. TPCPLC itaendelea kwa viwango vya juu na kuhakikisha kuwa wateja na wadau wake wanafaidika na mipango hii. Timu yetu imedhamiria kuhakikisha kuwa Kampuni inakuwa mshindani katika soko. Hivyo ningependa kutoa shukurani kwa wadau wetu kwa mchango mkubwa katika mwaka 2018 na tuna imani kuwa TPCPLC itaendelea kuongeza thamani kwa wanahisa wake.

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 amesomea shahada ya uandisi katika Chuo Kikuu cha Yildiz kilichopo Instanbul, pia amesomea shahada ya pili ya biashara (MBA) katika Chuo Kikuu cha Instanbul. Gurdal alijiunga na Canakkale Cimento mwaka 1992 na amekuwa mjumbe wa Bodi ya Uongozi tangu mwaka 2016 akisimamia kanda ya Afrika-Mediterania Mashariki.

Mr. Francesco Brambilla
Italian/Muitaliano

Engineer, Master Degree in Business Administration (MBA)

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

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

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

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

Mr. Alfonso Velez
Spanish/ Mhispania

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

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

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

Mr. Gary Whitehead
British/ Muingereza

(FCCA)

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

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, Akcansa 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
Viongozi wa Kampuni

Mr. Ian Dobson
Procurement Manager

Mr. Gregory Ndimbo
Internal Audit & Quality Assurance Manager

Mr. Luis Llimos
Finance Director

Mr. Jesse Shuma
Director of Human Resources

Mr. Alfonso Velez
Managing Director

Mr. Jerome Mwakabaga
Health & Safety Manager

Mr. Ahmed Elsawy
Plant Manager

Mr. Richard Magoda
Environmental Manager

Mr. Yves Mataigne
Sales & Marketing Director

Directors' Report

The directors present their report and the audited financial statements for the financial year ended 31 December 2018 which disclose the state of affairs of Tanzania Portland Cement Public Limited Company ("the Company" or "TPCPLC").

The name of the Company was changed from Tanzania Portland Cement Company Limited to Tanzania Portland Cement Public Limited Company on 16 October 2018. This was done to meet the requirements for listed companies on the Dar es Salaam Stock Exchange.

1. INCORPORATION

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

2. COMPANY'S VISION

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

3. COMPANY'S MISSION

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

4. PRINCIPAL ACTIVITIES

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

5. QUALITY STATEMENT

We are successful only when our customers are successful. Tanzania Portland Cement Public Limited Company (TPCPLC) contributes to customers' success by supplying them with the products they want and need. We strive to achieve customer satisfaction by ensuring that the quality of our products are within the required standards and services are consistent and are continuously improved to meet our customers' expectations. It is the declared goal of every employee to make TPCPLC and Twiga Cement recognized by words 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. Hakan Gurdal	Chairman	Turkish	50	Engineer, MBA
Mr. Gary Whitehead	Director	British	48	FCCA
Mr. Alfonso Velez	Managing Director	Spanish	50	MBA
Mr. Oswald Martin Urassa	Director	Tanzanian	53	B.com, MBA, CPA(T)
Mrs. Ruth Henry Zaipuna	Director	Tanzanian	45	B.com, MBA, CPA(T)
Mr. Francesco Brambilla	Director (from 24/04/2018)	Italian	47	Engineer

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

The Company Secretary during the year ended 31 December 2018 was Mr Brian Kangetta (Kenyan), 41 years old.

7. AUDIT COMMITTEE

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

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

8. DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

	Number of shares	
	2018	2017
Mr. Oswald Martin Urassa	500	500

9. DIRECTORS' REMUNERATION

The Company paid a total of TZS 99.5 million (2017: TZS 106.2 million) 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 2018 were:

Name	Title
Alftonso Velez	Managing Director
Luis Llimos	Finance Director
Jesse Shuma	Director of Human Resources
Yves Mataigne	Sales and Marketing Director
Ahmed Elsawy	Plant Manager
Ian Dobson	Procurement Manager
Richard Magoda	Environmental Manager
Jerome Mwakabaga	Health & Safety Manager

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

11. REVIEW OF THE BUSINESS

The Company recorded an increase in sales volume of 9% from 2017 to 2018. The turnover increased from TZS 273 billion in 2017 to TZS 349 billion in 2018, an increase of 28%. The improved performance and competitive environment in the market contributed to the increased turnover.

The Company made a total operating profit of TZS 80.1 billion compared to TZS 62.7 billion in 2017, an increase of 28%. The increase in operating profit was a result of improved performance and disposal of property. Profit before tax increased from TZS 65.6 billion in 2017 to TZS 81.7 billion in 2018.

After the effect of income tax of TZS 24.9 billion (2017: TZS 30.0 billion), the net profit for the year was TZS 56.9 billion (2017: TZS 35.6 billion). Total comprehensive income amounted to TZS 56.5 billion (2017: TZS 34.2 billion).

The operating results are shown on page 45.

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 TPCPLC. Once completed, the Company will be assured of reliable supply of power to meet the operational demands. The current need of TPCPLC 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 are no more mining activities, supporting environmental conservation activities and also capacity building to surrounding communities and other stake holders to create environmentally responsible community. Different stakeholders were involved in various aspects of the project which included tree planting, provision of environmental education and training, trees distribution to local communities outside TPCPLC. Also, TPCPLC works closely with the National Tree Seeds Agency (TTSA) researchers and scientists from the University of Dar es salaam (UDSM), environmental experts based in Heidelberg Cement Group in Germany, local and international volunteers.

By 31 December 2018 approximately 18 hectares in the quarry were completely rehabilitated, 274,038 seedlings were already raised in the quarry and 67,287 trees planted in the quarry with a survival rate of 89.85%. A total of 6,201 trees re-planted during the year and 28,926 trees were donated to stakeholders. The total number of trees donated to various stakeholders by the end of December 2018 was 117,238 trees.

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

ISO 14001:2004 (Environmental Management System)

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

15. HEALTH AND SAFETY

At TPCPLC, occupational health and safety continues to be a top priority. Besides the continued improvement of technical and organizational safety standards within the Company, in 2018 TPCPLC intensified its efforts in improving health and safety performance in its operations through risk assessments and related programmes in order to strive for healthy and working conditions of its own employees, contractors and third parties

The Company manages health and safety issues using appropriate occupation health and safety management systems. It implements an Occupational Health and Safety Management System (OHSMS) as part of the risk management strategy and has Occupational Health and Safety Management System (OHSAS 18001:2007) certification. TPCPLC is committed to complying with all applicable local, regional, national and international registration, rules and guidelines concerning health and safety.

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

16. MAJOR EVENTS

There were no major events during the year.

17. EMPLOYEE WELFARE

a. **Relationship between management and employees**
The relationship between employees and management for the year ended 31 December 201 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 2018, the Company had 285 employees, out of which 30 were female and 255 were male (2017: Total 286; female 28 and male 258).

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

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

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

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

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

f. **Employee benefits**
Salary levels are adjusted annually within the Company's means after negotiations between TUICO and management. The 2018 salary increments and Collective

Bargaining Agreement (CBA) were finalized in May 2018.

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**

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

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 2018 (2017: 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 2 times in 2018 (2017: 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 conduct 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.

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 2018 are classified as operational risks, market risks and financial risks:

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

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

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

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

Financial risks
The significant financial risk is currency risk. The Company's functional currency (TZS) is exposed to fluctuation in the international currency market. This exposes the Company to foreign currency exchange risks. Management is constantly monitoring this risk and taking appropriate decisions so that its impact is minimised. More details on foreign currency risk are included in Note 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 TPCPLC products give to the Company competitive advantage in the market. To meet the quality demand of the market, the Company produces four cement products i.e., OPC 42.5N (for the purpose of bulk delivery and is used for the professional market in construction of bridges and high rise buildings), Twiga Plus, Twiga Extra and Twiga Jenga.

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

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

Technical Support
Heidelberg Cement AG, which is the ultimate Holding Company, is the global market leader in aggregates and a prominent player in the fields of cement, concrete and other

related downstream activities, making it one of the world's largest manufacturers of building materials. TPCPLC benefits from worldwide technical support in cement business.

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

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

21. POLITICAL AND CHARITABLE DONATIONS

During the year under review, the Company made donations and other contributions of a charitable nature valued at about TZS 19.2 million (2017: TZS 94.3 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 16.1 million (2017: TZS 76.5 million).

22. DIVIDENDS

The Directors recommend payment of TZS 52.17 billion (TZS 290 per share) to shareholders as final dividend for year 2018. The final dividend will be approved in the annual general meeting and paid in June 2019. During the year the Company paid TZS 17.9 billion (TZS 100 per share) as final dividend for financial year 2017 in June 2018. There was no payment of interim dividend in relation to the year ended 31 December 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 TPCPLC 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 TPCPLC 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 (2017: 179,923,100 ordinary shares). There is no change in the issued share capital.

The shareholding of the Company is as stated below:

Name	2018 % shareholding	2017 % shareholding
Scancem International DA	69.25	69.25
General Public	21.61	21.54
Government Pension funds	8.99	8.99
Wazo Hill Saving and Credit Cooperative Society	0.15	0.22
	100.00	**100.00**

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 2018 was 9,497 shareholders (2017: 9,639 shareholders). The following were the ten largest shareholders of the Company:

Name	Nationality	2018 % of shareholding	2017 % of shareholding
Scancem International DA	Norwegian	69.25	69.25
Parastatal Pension Fund	Tanzanian	5.42	5.42
Standard Chartered Bank Uganda	Ugandan	5.28	5.00
Public Service Pension Fund	Tanzanian	1.76	1.77
National Social Security Fund	Tanzanian	1.24	1.24
Murtaza Basheer Nasser	Tanzanian	0.90	0.90
Umoja Unit Trust Scheme	Tanzanian	0.79	0.79
Sayed H. Kadri/Basharat Kadro/ Mehboob Kadri/Khalid/Muzammil Kadri	Tanzanian	0.59	0.59
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 2018, shares of the Company were continuously traded in the secondary market through auctions organised by Dar es Salaam Stock Exchange (DSE). In the year 2018 the performance of the Company's shares in the secondary market was as follows: Market capitalisation as at 31 December 2018 was TZS 370.64 billion (2017: TZS 269.88 billion). The share price prevailing as at 31 December 2018 was TZS 2,060 per share, above from TZS 1,500 one year earlier (IPO price was TZS 435 per share).

29. AUDITORS

Ernst & Young were the Company's auditors for the year 2018. 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 2019 will be put to the Annual General Meeting.

By Order of the Board

Approved by the Board of Directors on 8th April 2019 and signed on its behalf by:

Signature:	[signature]	Signature:	[signature]
Name:	Alfonso Velez	Name:	Ruth Zaipur
Title:	Director	Title:	Director

Overcoming technical challenges and increasing efficiency have resulted into increased clinker and cement production.

Taarifa ya Wakurugenzi

Wakurugenzi wanawasilisha taarifa yao pamoja na hesabu za Kampuni ya Tanzania Portland Cement Public Company Limited ("Kampuni" au "TPCPLC") zilizokaguliwa kwa mwaka ulioishia tarehe 31 Desemba 2018.

Jina la kampuni limebadilishwa kutoka Tanzania Portland Cement Company Limited na kuwa Tanzania Portland Cement Public Limited mnamo tarehe 16 October 2018.Mabadiliko haya yamefanyika ili kuweza kukidhi mahitaji ya makampuni yaliyoorodheshwa kwenye Soko la Hisa la Dar es Salaam.

1. **KUSAJILIWA.**

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

2. **MAONO YA KAMPUNI**

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

3. **MWONGOZO WA KAMPUNI**

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

4. **SHUGHULI KUU**

Shughuli kuu ya kampuni ni uzalishaji na uuzaji wa saruji

5. **SERA BORA.**

Tunafanikiwa pale wateja wetu wanapofanikiwa. Kampuni ya saruji Tanzania (TPCPLC) inachangia mafanikio kwa kuwapa wateja wake bidhaa 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 TPCplC na chapa 'Twiga Cement' maarufu kwa saruji bora. Fursa hii inaturuhusu kufikia uongozi katika soko

6. **WAKURUGENZI**

Wajumbe wa Bodi ya wakurugenzi ambao wamekuwa wakurugenzi kwa kipindi chote cha mwaka 2018 isipokuwa inapoonyeshwa vinginevyo ni hawa:

Jina	Wadhifa	Utaifa	Umri	Sifa
Bw. Bw.Hakan Gurdal	Mwenyekiti	Mturuki	50	Engineer, MBA
Bw. Gary Whitehead	Mkurugenzi	Mwingereza	48	FCCA
Bw. Alfonso Velez	Mkurugenzi Mtendaji	Mhispania	50	MBA
Bw. Oswald Martin Urassa	Mkurugenzi	Mtanzania	53	B.com, MBA, CPA(T)
Bi. Ruth Henry Zaipuna	Mkurugenzi	Mtanzania	45	B.com, MBA, CPA(T)
Bw. Francesco Brambilla	Mkurugenzi (Kuanzia 24/04/2018)	Muitaliano	47	Engineer

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

Katibu wa Kampuni kwa mwaka ulioishia 31 Disemba 2018 alikuwa Bw. Brian Kangetta (Mkenya), umri miaka 41.

7. **KAMATI YA UKAGUZI.**

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

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

8. **WAKURUGENZI WANAHISA**

Idadi ya Hisa	2018	2017
Bw. Oswald Martin Urassa	500	500

9. **MALIPO YA WAKURUGENZI.**

Kampuni ililipa jumla ya TZS 99.5 milioni (2017: TZS 106.2 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 2018 ilikua kama ifuatavyo;

Jina	Cheo
Alfonso Velez	Mkurugenzi mtendaji
Luis Llimos	Mkurugenzi Fedha
Jesse Shuma	Mkurugenzi Rasilimali watu
Yves Mataigne	Mkurugenzi Mauzo na Masoko
Ahmed Elsawy	Meneja Mitambo
Ian Dobson	Meneja Manunuzi
Richard Magoda	Meneja Mazingira
Jerome Mwakabaga	Meneja Afya na Usalama

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

11. TATHMINI YA BIASHARA

Usambazaji wa saruji uliongezeka kwa asilimia 9 kutoka mwaka 2017 hadi 2018. Mauzo yaliongezeka kutoka shilling bilioni 273 mwaka 2017 hadi shilingi bilioni 349 mwaka 2018, hii ikiwa ni ongezeko la asilimia 28. Ongezeko hili la mauzo lilisababishwa na utendaji bora na ushindani katika soko saruji.

Kampuni ilipata faida ya uendeshaji ya shilingi bilioni 80.1 billioni ikilinganishwa na shilingi bilioni 62.7 mwaka2017, ni sawa na ongezeko la asilimia 28. Ongezeko la faida ya uendeshaji lilitokana utendaji bora na mauzo ya ya rasilimali. Faida kabla ya kodi iliongezeka kutoka shilingi bilioni 65.6 billioni mwaka 2017 hadi kufikia shilingi bilioni 81.7 mwaka 2018.

Baada ya kutoa kodi ya shilingi bilioni 24.9 (2017:shilingi bilioni 30.0), faida iliyobaki ilikuwa shilingi bilioni 56.9 (2017:shilingi bilioni 35.6). Jumla kuu ya mapato ilifikia shilingi bilioni 56.5 (2017: shilingi 34.2)

Hali halisi ya mwenendo wa kibiashara inaoneshwa katika ukurasa wa 45

12. MATARAJIO YA KAMPUNI KWA SIKU ZIJAZO.

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

Mradi wa Gesi.
Kampuni inatathmini uwezekano wa kuzalisha umeme wa uhakika ambao utapelekea kampuni kuendesha shughuli zake kwa ufanisi zaidi. Kampuni inafanya mazungumzo na makampuni mengine kujenga na kuendesha mtambo gesi wa kuzalisha nishati ya umeme kiwandani (TPCPLC) chini ya makubaliano ya Ununuzi wa Nishati (PPA). Mradi huu utakapokamilika Kampuni itakuwa na uhakika 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 inauwezo wa kuendesha shughuli zake bila matatizo yoyote kulingana na Sheria ya Makampuni ya mwaka 2002 na kanuni za kimataifa za uhasibu (IFRS)

14. MPANGO WA UDHIBITI WA MAZINGIRA.

Uboreshaji wa Machimbo.
Shughuli za uchimbaji zinaweza kuwa na athari kwenye mazingira ikizingatia udongo hutolewa na 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 kujengea uwezo jamii inayoizunguka kiwanda na wadau wengine ili kujenga jamii inayojali mazingira.Wadau mbalimbali walihusika katika nyanja mbalimbali za upandaji miti, utoaji wa elimu ya mazingira na mafunzo,usambazaji wa miti kwa jumuiya. Kampuni inafanya kazi kwa karibu na watafiti wa mbegu kutoka Mamlaka ya Taifa ya Mbegu za Mti (TISA) na wanasayansi kutoka Chuo Kikuu cha Dar Es Salaam (UDSM), wataalamu wa mazingira kutoka kampuni tanzu HeidelbergCement ya Ujerumani na wale wanaojitolea kuoka ndani na nje ya Tanzania.

Hadi kufikia 31 Desemba 2018, takribani hekta 18 za machimbo zilikuwa zimeboreshwa, jumla ya miche ilikuwa 274,038 imeshaoteshwa kwenye vitalu na jumla ya miti iliyopandwa ilikuwa 67,287 yenye uwezekano wa kuishi kwa kiwango cha 89.85%. Jumla ya miti 6,201 ilipandwa kwa mara nyingine na miche 28,926 iligawiwa 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, TPCPLC 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 udhibiti Mazingira)
Kampuni inaendelea kuzingatia masharti ya viwango vya kimataifa wa ubora wa mazingira ISO 14001. Kwa sasa, Kampuni imethibitishwa na ISO14001:2015. Ukaguzi wa uhakiki masharti ya viwango vya kimataifa vya mazingira unategemewa kufanyika mwezi Aprili 2019. Kampuni inaendelea kuboresha mfumo wake wa uhifadhi wa mazingira kwa kwenda sambamba na maendeleo ya uhifadi mazingira na malengo iliojiwekea kufuatana na mahitaji ya kitaifa na HeildelbergCement.

15. AFYA NA USALAMA.

Kampuni inaendelea kuweka mkazo katika afya na usalama kazini. Pamoja na maboresho ya kiufundi na viwango vya usalama, katika mwaka 2018 Kampuni imendelea kuongeza jitihada katika kuboresha utendaji kwenye afya na usalama kwa kufanya tathmini ya mambo hatarishi na programu nyingine katika Nyanja hii ili kuboresha afya na mazingira bora kwa wafanyakazi, wakandarasi na wadau wengine wa Kampuni

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

Ili kufikia kiwango cha juu cha ubora wa afya na usalama kazini, uongozi utaendelea kuweka msisitizo kwenye afya na usalama wa wafanyakazi na watoa huduma, wajibu wa kijamii, kwani jukumu la afya na usalama kazini ni sehemu muhimu kwa Kampuni.

Lengo la Kampuni ni kuhakikisha kutokuwepo kwa vifo vitokanavyo na ajali, majeraha au ulemavu wa kudumu na kupunguza upotevu wa muda utokanao na ajali.

16. MATUKIO MAKUU.

Hapakuwa na matukio makubwa wakati wa mwaka.

17. USTAWI WA WAFANYAKAZI.

a. **Uhusiano kati ya Uongozi na Wafanyakazi.**
Mahusiano kati ya wafanyakazi na Uongozi wa kampuni kwa mwaka ulioisha tarehe 31 Desemba 2018 yameendelea kuwa mazuri. Hapakuwepo na malalamiko yaliyotoka kwa wafanyakazi ambayo hayakufanyiwa kazi na Uongozi kwa kipindi kizima cha mwaka. Mahusiano mazuri yanaendelea kuwepo kati ya Ungozi wa Kampuni na umoja wa wafanyakazi. Mkataba wa hiari uliyoingiwa 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, 2018, Kampuni imekuwa na wafanyakazi 285, kati yao wanawake wakiwa 30 na wanaume 255 (2017: Jumla 286; wanawake 28 and wanaume 258)

c. **Huduma za Matibabu**
Huduma ya afya na matibabu hutolewa bure kwa wafanyakazi wake wote na familia zao

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

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

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

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

f. **Mishahara na Mafao ya Wafanyakazi**
Viwango vya mishahara ya wafanyakazi hurekebishwa kila mwaka kwa kuzingatia uwezo wa kifedha baada ya majadiliano kati ya TUICO na uongozi wa Kampuni.Viwango vya mishahara ya mwaka 2018 vilikubaliwa mwezi Mei 2018.

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

g. **Fursa sawa na watu wenye ulemavu.**
Sera ya Kampuni ni kutoa fursa sawa za ajira kwa watu wote. Kampuni hutoa fursa za ajira kwa watu wote bila ubaguzi wa aina yoyote na bila upendeleo wa kijinsia, kabila, dini, kuoa au kuolewa.

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

18. UTAWALA BORA.

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

b. **Bodi ya Wakurugenzi**
Bodi ina wakurugenzi sita; watano wasio watendaji na Mkurugenzi Mtendaji. Kazi za Mwenyekiti na Mkurugenzi Mtendaji zimetenganishwa. Bodi inawajibika kwa wanahisa kwa uongozi wa jumla wa Kampuni, kuweka mikakati na sera, kufuatilia ufanisi wa uendeshaji, usimamizi wa maeneo hatarishi na kuweka ngazi za madaraka. Katika mwaka huu wa fedha, Bodi ilikutana mara tatu 2018 (2017: mara tatu)

c. **Kamati ya Ukaguzi.**
Katika kutekeleza majukumu yake kuhusiana na utoaji wa taarifa za fedha, utekelezaji wa matakwa mbalimbali, udhibiti wa maeneo hatarishi, mifumo ya kihasibu na mfumo wa usimamizi wa habari (MIS), bodi inasaidiwa na Kamati ya Ukaguzi. Kamati hiyo inaongozwa na mmoja wa wakurugenzi wasio watendaji. Mikutano ya kamati inafanyika mara kadhaa na inahudhuriwa na viongozi waandamizi na wakaguzi wa nje wa mahesabu wa Kampuni inapobidi. Katika mwaka huu wa fedha, Kamati ya Ukaguzi ilikutana mara mbili 2018 (2017: mara tatu).

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

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

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

g. **Kutoa taarifa za uongozi,taaifa za fedha na ukaguzi.**
Kampuni imeandaa utaratibu wa kutoa taarifa za uongozi ambazo zinajumuisha uandaaji mipango mkakati na bajeti za mwaka. Taarifa halisi za fedha hutolewa kila mwezi zikilinganishwa na bajeti, makisio na mwaka

uliopita. Taarifa za fedha hutolewa kulingana na kanuni za kimataifa za utoaji taarifa za fedha (IFRS) na huchapishwa mara mbili kwa mwaka kulingana na taratibu za Soko la hisa la Dar es Salaam. Hesabu za kila mwaka wa fedha hukaguliwa na wakaguzi wa nje wa kampuni.

19. UDHIBITI WA MAENEO HATARISHI.

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

Hii itahakikisha:

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

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

Maeneo hatarishi ya uendeshaji
Nishati ni muhimu sana katika uendeshaji wa shughuli za Kampuni. Kwa hiyo, upatikanaji na bei ya nishati vinaweza kuwa na athari kubwa kwa Kampuni. Kwa miaka yote Kampuni imekuwa ikitegemea nishati ya umeme kutoka katika Shirika la Ugavi wa Umeme Tanzania (TANESCO). Upatikanaji wa umeme huu kwa mara zote umekuwa wa kukatikakatika na hivyo kuifanya Kampuni 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) (Cheti cha ISO 9001).

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

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

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 duniani. Kampuni inafaidika na huduma bora za kitaalamu na kiufundi kwenye biashara ya saruji kutoka HeidelbergCement AG.

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

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

21. MISAADA

Mwaka huu, kampuni ilitoa misaada na michango ya hisani yenye thamani ya Shilingi milioni 19.2 (2017: Shilingi milioni 94.3). Hakukuwa na misaada ya kisiasa.

Pamoja na misaada hiyo, Kampuni ilijihusisha na uraia mwema ikilenga zaidi wanawake, huduma za afya, elimu na watoto. Jumla ya Shilingi milioni 16.1 (2017: Shilingi milioni 76.5) zilitumika.

22. GAWIO

Wakurugenzi wanapendekeza gawio la Shilingi bilioni 52.17 (Shilingi 290 kwa hisa) kwa wanahisa wake kama gawio la mwisho kwa mwaka 2018. Gawio la mwisho litaidhinishwa na mkutano mkuu wa mwaka na litalipwa mwezi June 2019. Mwezi wa Juni mwaka 2018, Kampuni ililipa Shilingi bilioni 17.9 (Shilingi 100 kwa hisa) kama gawio la mwisho la mwaka 2017. Hakukuwa na malipo kwa ajili ya gawio la awali kwa mwaka ulioishia Desemba 2018. Kufikia pendekezo hili, wakurugenzi wamezingatia hali ya kifedha ya Kampuni na mahitaji ya baadaye ya miradi ya uboreshaji.

23. MATUKIO YA BAADAYE.

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

24. SHUGHULI NA BIASHARA NA KAMPUNI ZENYE UHUSIANO.

Kampuni mama ya TPCC ni HeidelbergCement AG, iliyoorodheshwa kwenye soko la fedha la Frankfurti katika Jamuhuri ya nchi ya Ujerumani. HeidelbergCement AG inamiliki Scancem International DA ya nchi ya Norway, kwa asilimia 93.94, ambayo inamiliki kwa asilimia 69.25 ya hisa zote za 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 uliotolewa ni hisa za kawaida 179,923,100 (2017: hisa 179,923,100). Hapakuwepo na mabadiliko yoyote ya mtaji wa hisa. Mgawanyo wa hisa za kampuni ni kama ifuatavyo:

Jina	2018 % ya umiliki	2017 % ya umiliki
Scancem International DA	69.25	69.25
General Public	21.61	21.54
Government Pension funds	8.99	8.99
Wazo Hill Saving and Credit Cooperative Society	0.15	0.22
	100.00	**100.00**

26. SERA ZA UHASIBU.

Taarifa za fedha zimetayarishwa kwa kuzingatia kuwa Kampuni itaendelea na shughuli zake kwa vipindi vijavyo. Miongozo ya kihasibu imeainishwa kwenye aya ya 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 2018 ilikuwa 9,497 (2017: wanahisa 9639).
Ifuatayo ni orodha ya wanahisa wakubwa kumi wa Kampuni:

Jina	Utaifa	2018 % ya umiliki	2017 % ya umiliki
Scancem International DA	Mnorwe	69.25	69.25
Parastatal Pension Fund	Mtanzania	5.42	5.42
Standard Chartered Bank Uganda	Mganda	5.28	5.00
Public Service Pension Fund	Mtanzania	1.76	1.77
National Social Security Fund	Mtanzania	1.24	1.24
Murtaza Basheer Nasser	Mtanzania	0.90	0.90
Umoja Unit Trust Scheme	Mtanzania	0.79	0.79
Sayed H. Kadri/Basharat Kadro/ Mehboob Kadri/Khalid/Muzammil Kadri	Mtanzania	0.59	0.59
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 2018 hisa za kampuni zilifanya biashara wakati wote kwenye minada iliyoratibiwa na Soko la Mitaji la Dar Es Salaam (DSE). Mwaka 2018, mwenendo wa hisa za Kampuni kwenye soko la mitaji ilikuwa kama hivi: Thamani ya Kampuni mnamo 31 Desemba 2018 ilikua Shilingi bilioni 370.64 (2017; Shilingi bilioni 269.88). Bei ya hisa mnamo 31 Desemba 2018 ilikua Shilingi 2,060 kwa hisa, ikilinganishwa na bei ya hisa ya Shilingi 1,500 kwa mwaka wa 2017 (Bei katika soko la mwanzo ilikua 435 kwa hisa).

29. WAKAGUZI.

Wakaguzi wa Kampuni kwa mwaka 2018 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 2019 litawasilishwa kwenye Mkutano Mkuu wa mwaka

Imetolewa kwa amri ya Bodi
Imeidhinishwa na Bodi ya Wakurugenzi tarehe 8th April 2019 na imesainiwa na

Sahihi:	[signature]	Sahihi:	[signature]
Jina:	Alfonso Velez	Jina:	Ruth Zaipur
Cheo:	Director	Cheo:	Director

Sustainability and Corporate Citizenship

TPCC SUPPORT FOCUS

TPCC supports projects, organizations and initiatives that:

- are based in Tanzania,
- are aligned with TPCC's Code of Business Conduct, other compliance standards, the Leadership Principles and the sustainability ambition 2020,
- create long term benefits and value for the society
- have a high profile within the society and meet the legal regulations.

TPCC's CSR areas of focus are:

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

Japanese Ambassador to Tanzania H.E. Shinishi Goto planting a tree at the Wazo tree nursery within the factory on 20th Oct 2018.

Winning projects of the QLA 2018 awards in picture with TPCC Environment Manager, Mr. Richard Magoda (first right) and chief juror Dr. H. Ndangalasi from UDSM (first left).

Environmental awareness & capacity building

- Environment awareness training and tree planting activities within the plant quarry during the year was provided to school students and their teachers, higher learning institutions, TPCC employees and contractors, NGO's, Local government authorities, local & international volunteers, diplomatic visitors and local community members living near the surrounding plant premises.
- TPCC through an appointed environment consultant organize and facilitate environmental campaigns, capacity building events within and outside the plant. These campaigns include raising environmental awareness and provision of environmental training to TPCC staff, local schools children, teachers, local leaders, higher learning students, governmental officials, and local CSOs.
- For the year 2018 TPCC distributed/donated a total of **118,145 tree seedlings** to various stakeholders including schools, institutions and communities surrounding the plant.

Quarry Life Awards 2018

- Winning projects were:
  - **Research Stream**
  - **1st Prize** _Potential of Wazo Hill Quarry in Stocking Carbon for Mitigating Global Climate Change. Candidate: **Samwel Mtoka**
  - **2nd Prize** _Does the rehabilitation program in Wazo Hill Quarry Support the Ecology of Birds? Candidate: **Nancy Iraba**

- **Community Stream**
- **1st Prize_** Community Based economization of rehabilitated fish ponds at Wazo Hill Quarry. Candidate: **Fadhili Malesa**
- **2nd Prize** _Bringing Life to Quarry Biodiversity – Connecting Quarry, Schools & Community to Nature. Candidate: **Sylivia G. Ruambo**

- TPCC celebrated winners of the 4th edition of the Tanzania chapter of the 'Quarry Life Award' 2018. The competition was launched in January and 4 winners were announced by November 2018. The main aim of the QLA competition is to boost mining ecology and biodiversity; to increase stakeholder awareness on the biological value of mining sites; and to increase collaboration with the surrounding and external community.
- 30 proposals were received from students and researchers across the country, of which **4 winners** were selected from research and community streams. A total prize of **15,000Euros** was split among the 4 winning projects. The 5th chapter of this competition will take place in 2020.

Mkuranga project with Africa Hilfe

- The NGO is doing good works in Kibululu village and TPCC is happy to collaborate with the project further in the coming year.
- TPCC women's group in March 2018 celebrated the International women's day by representing the company in visiting Mkurunga village in the outskirts of Dar es Salaam, and donated **15tons of cement** to an NGO Afrika Hilfe *http://afrika-hilfe-franken.de* for the construction of a kindergarten of under-privileged children in Kibululu-Mkurunga.

TPCC employee receiving an appreciation certificate from the project coordinator.

Project Inspire – under STEM

- TPCC hopes to work with the project organizers again during the science fair in 2019.
- Project STEM is a science project that brings awareness to students in science subjects in local primary schools. The project is registered under a recognised NGO called STEM.
- TPCC partnered with Stem through SIKA Tanzania who were the main sponsors of the Tanzania Science fair which TPCC participated in. TPCC supported with cement bags which went towards the construction of the science laboratory in a primary school in Kisarawe district.

Boko secondary school students take a picture at the newly renovated school building.

Boko & Twiga Secondary Schools

- TPCC in 2018 gave 5tons cement to Boko Secondary School which went towards the renovation works of school classroom floors.
- Both Twiga & Boko Secondary School are co-education local government schools located in the same constituency as the Cement factory.
- TPCC have been supporting these 2 secondary schools for more than 5 years.

TPCC employées attend the Boko form 4 secondary graduation ceremony held Sep 2018

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

Dar Rotary Marathon 2018

- About 100 TPCC employees participated in the Dar 2018 October Rotary Dar Marathon organized by the Tanzania Rotary. The marathon was for raising funds for purchasing medical equipment's at a new Clinic for Comprehensive Community Based Rehabilitation (CCBRT) Center in Tanzania.
- TPCC also has a long standing relationship with CCBRT having supported the hospital with cement when it was first being constructed about 5 years ago.
- TPCC contributed TZS 6.1m towards this cause.

Mwandaliwa Orphanage Center – April 2018 visit

Community outreach

- In addition, TPCC during the year enrolled interns from various orphanage centers, within the city.
- In support of corporate citizenship, priority enrollment is given to qualified students from orphanage centers for internship or employment programs with the company.
- TPCC has been supporting two orphanage centers for many years now. One Mwandaliwa Center is located in Boko, near the cement plant. And the second one Mburahati children's home located within Dar es Salaam in Ubungo district.
- Around TZS 3m shillings on the 2 centers in 2018; to purchase various immediate commodities needed by the centers, respectively.

Mburahati Childrens Center – April 2018 visit

Statement of Directors' Responsibilities
FOR THE YEAR ENDED 31 DECEMBER 2018

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.

Signature:		Signature:	
Name:	Alfonso Velez	Name:	Ruth Zaipur
Title:	Director	Title:	Director
Date:	8th APRIL 2019	Date:	8th APRIL 2019

Statement of Head of Finance's Responsibilities
FOR THE YEAR ENDED 31 DECEMBER 2018

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 Public Limited Company hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 December 2018 have been prepared in compliance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002.

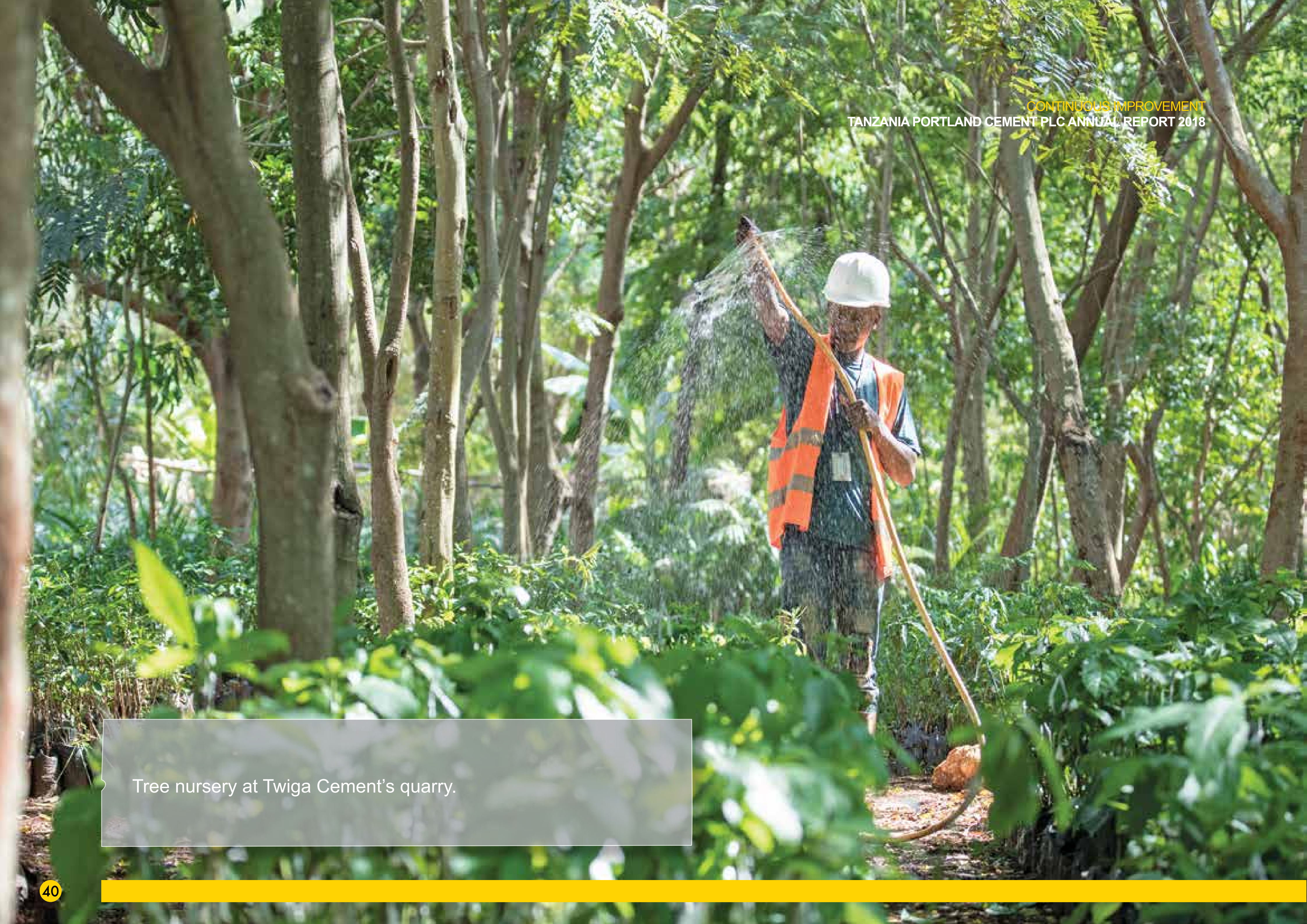
I thus confirm that the financial statements give a true and fair view of the financial position and results of Tanzania Portland Cement Public Limited Company as on that date and for the year then ended, and that the financial statements have been prepared based on properly maintained financial records.

Signed by: ....

Position: CHIEF ACCOUNTANT

NBAA Membership No.: ACPA 2030

Date: 8 APRIL 2019



Tree nursery at Twiga Cement's quarry.

EY
Building a better working world

Independent Auditor's Report

To the shareholders of Tanzania Portland Cement Public Limited Company

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tanzania Portland Cement Public Limited Company (the Company) set out on pages 19 to 64 which comprise the statement of financial position as at 31 December 2018, 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 2018, 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.

Key audit matter	How our audit addressed the key audit matter
Accounting for tax positions	
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. 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. 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. We also considered the disclosures on taxation in notes 34 and 37 to the financial statements to be important to the users' understanding of the financial statements.	Our audit procedures included: ▪ Understanding the Company's processes for recording and assessing of tax provisions and contingent liabilities. ▪ 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. ▪ Including in our internal tax specialists to analyse the tax positions and to evaluate the assumptions used to determine tax positions. ▪ Assessing relevant historical and recent judgements passed by the tax authorities in considering any precedent. ▪ Assessing the adequacy of the Company's disclosures in respect to taxation.
Post Retirement benefit provisions	
The Company has a Defined Benefit Obligation (DBO) of TZS 5.1 billion. The procedures over the post-retirement benefit provisions, specifically the procedures on the DBO, were significant to our audit because the assessment process is complex, involves significant management judgment and is based on actuarial assumptions, including discount rates, compensation increase, expected inflation rates, and mortality tables, as disclosed in Note 4 and Note 30 of the financial statements. 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.	Our audit procedures included: ▪ Evaluating management's actuarial assumptions and valuation methodologies and assessing the objectivity and competence of the Company's external pension experts. ▪ Including in our team actuarial specialists to analyse the assumptions made in relation to the valuation of the liabilities. ▪ 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. ▪ Assessing the discount and inflation rates used in comparison to internally developed benchmarks, based on externally derived data. ▪ Comparing assumed mortality rates to national and industry averages. ▪ Assessing the assumption for salary increases against the Company's historical trend and expected future outlook. ▪ Assessing the adequacy of the Company's disclosure in Note 30 of the financial statements.

Other Information included in the Company's 2018 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.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

Signed by: Deokari S. Mkenda
TACPA 3438

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

Date: 10/05 **2019**

Statement of Profit or Loss and Other Comprehensive Income
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 TZS '000	2017 TZS '000
Revenue from contracts with customers	7	348,863,384	273,157,459
Cost of sales	9	(223,923,847)	(189,852,039)
Gross profit		**124,939,537**	**83,305,420**
Other operating income	8	4,442,850	23,406,446
Selling and marketing expenses	10	(2,517,845)	(2,379,330)
Administrative expenses	11	(24,703,567)	(22,650,620)
Depreciation and amortisation	12	(17,806,015)	(18,066,388)
Other operating expenses	14	(4,293,923)	(942,738)
Operating profit		**80,061,037**	**62,672,790**
Finance income	15	1,393,736	881,127
Finance costs	16	(42,903)	(13,631)
Net gain on foreign currency translation	17	332,912	2,057,539
Profit before tax		**81,744,782**	**65,597,825**
Income tax expense	34	(24,878,688)	(30,001,432)
Profit for the year		**56,866,094**	**35,596,393**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plan	30	(576,889)	(1,946,170)
Income tax effect	34	173,067	583,851
Other comprehensive income for the year, net of tax		**(403,822)**	**(1,362,319)**
Total comprehensive income for the year, net of tax		**56,462,272**	**34,234,074**
Earnings per share			
Basic and diluted earnings per share (TZS)	38	316	198

New Twiga Cement bulk trucks to ensure convenient and efficient service delivery for big projects.

Morocco Square - Dar es Salaam.
High rise structures built with Twiga Cement.

Statement of Financial Position
AS AT 31 DECEMBER 2018

	Notes	2018 TZS '000	2017 TZS '000
ASSETS			
Non-current assets			
Property, plant and equipment	18	139,855,725	149,418,954
Intangible assets	19	1,304,535	2,635,382
Leasehold land	20	1,092,313	1,120,159
Non-current financial assets	24	7,513,661	16,749,420
		149,766,234	169,923,915
Current assets			
Inventories	21	55,104,226	41,711,116
Trade receivables	22	38,149,770	28,666,195
Other short-term operating receivables	23	6,562,252	8,996,793
Other current financial assets	24	7,191,052	4,114,476
Cash and bank balances	25	65,987,258	34,739,002
		172,994,558	**118,227,582**
TOTAL ASSETS		**322,760,792**	**288,151,497**
EQUITY AND LIABILITIES			
Equity			
Authorised, issued and fully paid up share capital	26	3,598,462	3,598,462
Retained earnings		221,337,296	182,867,335
		224,935,758	**186,465,797**
Non-current liabilities			
Employment benefit liabilities	30	5,119,604	4,818,290
Deferred income tax liability	34	21,035,003	25,220,943
Provisions	33	3,085,619	2,048,779
		29,240,226	**32,088,012**
Current liabilities			
Current income tax payable	34	3,575,758	8,434,329
Trade and other payables	28	61,153,067	45,638,543
Interest-bearing loan	27	5,021	5,021
Dividend payable	36	3,850,962	15,519,795
		68,584,808	**69,597,688**
TOTAL EQUITY AND LIABILITIES		**322,760,792**	**288,151,497**

These financial statements were authorised for issue in accordance with a resolution of the Board of directors passed on 8th APRIL 2019 and were signed on its behalf by:

Name: Alfonso Velez Title: Director Signature:

Name: Ruth Zaipur Title: Director Signature:

Statement of Changes in Equity
FOR THE YEAR ENDED 31 DECEMBER 2018

	Authorised, Issued and fully paid share capital (Note 26)	Retained earnings	Total
	TZS '000	TZS '000	TZS '000
At 01 January 2018	3,598,462	182,867,335	186,465,797
Profit for the year	-	56,866,094	56,866,094
Other comprehensive income, net of tax	-	(403,822)	(403,822)
Total comprehensive income, net of tax	-	56,462,272	56,462,272
Dividends declared (Note 35)	-	(17,992,310)	(17,992,310)
At 31 December 2018	**3,598,462**	**221,337,296**	**224,935,758**
At 01 January 2017	3,598,462	193,614,036	197,212,498
Profits for the period	-	35,596,393	35,596,393
Other comprehensive income, net of tax	-	(1,362,319)	(1,362,319)
Total comprehensive income, net of tax	-	34,234,074	34,234,074
Dividends declared (Note 35)	-	(44,980,775)	(44,980,775)
At 31 December 2017	**3,598,462**	**182,867,335**	**186,465,797**

Statement of Cash Flows
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 TZS '000	2017 TZS '000
Operating activities			
Profit before tax		81,744,782	65,597,825
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation and amortisation	12	17,806,015	18,066,388
Interest expense	16	42,903	13,631
Interest income	15	(1,393,736)	(881,127)
Net unrealised exchange loss	17	4,439,789	274,585
Net provision for obsolete inventories	9	(1,341,763)	(510,975)
Increase / (Decrease) in site restoration provision	33	1,036,840	(1,324,193)
Post-employment benefits provision	30	811,955	754,169
Impairment of receivables	11	936,623	1,390,168
Net gain on disposal of property, plant and equipment	8 & 11	(3,831,137)	(23,217,020)
Working capital adjustments:			
(Increase) /Decrease in inventories		(12,051,347)	22,452,032
Increase in trade receivables		(10,420,199)	(4,580,203)
Decrease/(Increase) in other short-term operating receivables		2,434,541	(3,398,290)
Increase in trade and other payables		15,514,534	9,860,193
Corporation tax paid	34	(31,997,950)	(20,645,696)
Payment to post employment benefit	30	(1,087,530)	(1,764,347)
Interest received	15	1,393,736	881,127
Interest paid	16	(42,903)	(13,631)
Net cash inflows from operating activities		**63,995,143**	**62,954,636**
Investing activities			
Proceeds from disposal of property, plant and equipment		7,688,829	2,391,831
Payment for capital works-in-progress	18	(9,271,091)	(3,800,613)
Payment for intangible assets	19	(156,290)	(249,494)
Purchase of capital items in stock	18	(378,593)	(1,275,992)
Net cash flows used in investing activities		**(2,117,145)**	**(2,934,268)**
Financing activities			
Dividends paid		(29,661,144)	(48,182,450)
Net cash flows used in financing activities		**(29,661,144)**	**(48,182,450)**
Net increase in cash and cash equivalents		**32,216,854**	**11,837,918**
Net foreign exchange difference		(968,599)	(274,585)
Cash and cash equivalents at 01 January		34,739,002	23,175,669
Cash and cash equivalent at 31 December	25	**65,987,258**	**34,739,002**

1. CORPORATE INFORMATION

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

The name of the Company was changed from Tanzania Portland Cement Company Limited to Tanzania Portland Cement Public Limited Company on 16 October 2018. This was done to meet the requirements for listed companies on the Dar es Salaam Stock Exchange.

The principal activities of the Company are disclosed in the Directors' Report. Information on its holding company is provided in Note 32.

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 2018.

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.

2017 accounting policy

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.

2018 accounting policy
Revenue represents income arising in the course of an entity's ordinary activities, which leads to an increase of economic benefits during the accounting period. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Revenue is stated net of value-added tax (VAT).

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

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

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

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

Contract balances

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

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

	2018 TZS'000	2017 TZS'000
Trade receivables	38,149,770	28,666,195
Contract liabilities	1,919,803	3,173,625

b) Foreign currency translation

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

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

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

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

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

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

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

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

Capital work-in - progress

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

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

d) Capital items in stock

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

e) Intangible assets

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

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

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

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

f) Impairment of non-financial assets

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

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

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

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

g) Financial Instruments

(i) Financial assets

2017 accounting policy

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 trade and other receivables and other financial assets.

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 22, 23 and 24.

Other receivables

Other receivables constitute 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.

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.

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.

2018 accounting policy

Initial recognition and measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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

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

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

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. A gross carrying amount will be written off when the financial asssets can not be recovered after three years.

(ii) 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 derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying value is recognised in profit or loss.

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

i) 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.

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

j) 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.

k) 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.

l) 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

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

m) 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.

n) 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.

o) 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.

p) Current versus non-current classification

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

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

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

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

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

q) Cost of sales

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

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Company adopted the accounting standard on January 1, 2018 using the modified retrospective method. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. Based on the analysis and evaluation performed with respect to the company's business model, management has concluded that the adoption of the standard and retrospective impact that would have been there is immaterial on its financial statements. The standard did not change the revenue recognition profile of the Company and also had no other significant implications on the financial reporting of the Company.

IFRS 9 Financial instruments

The Company applied IFRS 9 for the first time. IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting

The Company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39.

The application of IFRS 9 did not have a significant impact on the classification and measurement of the Company's financial instruments. Amounts due from trade and other receivables and cash and bank balances classified as loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

The standard also did not have a significant impact on the impairment of financial assets as the Company's financial assets comprise deposits held with regulated financial institutions and trade receivables for which the probability of default is minimal, receivables are backed up with bank guarantees.

The accounting policies adopted are consistent with those used in the previous year. IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (Effective 1 January 2018) did not have an impact on the Company's financial statements. 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 22, 23 and 24.

Impairment of non-financial assets

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

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 30.

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. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. The discount rate used in the calculation of the provision as at 31 December 2018 equalled 12% (2017: 14%). Refer to Note 33 for more information on the quarry rehabilitation provision

Asset useful lives

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

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

Contingencies

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

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

For details on the contingent liabilities amounts, refer to Note 37 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 34 and 37 of the financial statements.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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.

Amendments to IAS 19 Employee benefits on plan amendment, curtailment or settlement

These amendments require an entity to:

- use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

The amendments are effective for annual reporting periods beginning on or after 1 January 2019. The Company is still assessing the impact of these amendments.

IFRS 16 Leases
IFRS 16 Leases provides guidance on the classification, recognition and measurement of leases to help provide useful information to the users of financial statements. The main aim of this standard is to ensure all leases will be reflected on the statement of financial position, irrespective of substance over form. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after 1 January 2019 unless adopted early. On adoption of IFRS 16 the Company will recognise within the statement of financial position a right of use asset and lease liability for all applicable leases. Within the statement of profit or loss and other comprehensive income, rent expense will be replaced by depreciation and interest expense. This will result in a decrease in operating expenses and an increase in finance costs.

The Company's ongoing review of IFRS 16 indicates that accounting for the lease contracts as disclosed in Note 37 may be impacted. The Company is still assessing the impact on the lease contracts.

The Company will transition to the new standard using the modified retrospective approach, which factors in all future lease payments as at 1 January 2019. There will be no impact on opening retained earnings and no restatement of prior period balances.

Annual Improvements to IFRS Standards 2015-2017 Cycle
The following improvements were finalised in December 2017:

- IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

- IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.
- The improvement is effective for annual reporting periods beginning on or after 1 January 2019. The Company is still assessing the impact of these improvements.

	2018 TZS '000	2017 TZS '000
7 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Disaggregated revenue information		
Set out below is the disaggregation of the Company's revenue from contracts with customers		
Sales of cement per cement type:		
Twiga extra	173,498,764	153,228,695
Twiga ordinary	23,254,065	17,170,404
Twiga plus	146,595,431	101,892,575
Twiga jenga	717,817	848,448
Twiga super	4,797,307	-
Clinker*	-	17,337
	348,863,384	**273,157,459**

*A one-off transaction

	2018 TZS '000	2017 TZS '000
8 OTHER OPERATING INCOME		
Gain on disposal of property, plant and equipment	4,322,789	23,219,002
Rental income	22,981	53,180
Other income	97,080	134,264
	4,442,850	**23,406,446**

	Notes	2018 TZS '000	2017 TZS '000
9 COST OF SALES			
Distribution costs		25,035,517	19,752,154
Variable costs		168,052,107	142,724,618
Fixed production costs		32,177,986	28,075,267
Write-down to net realisable value		(1,341,763)	(700,000)
		223,923,847	**189,852,039**
Included in cost of sales fixed production costs are:			
Staff costs	13	9,235,535	8,514,270

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

	Notes	2018 TZS '000	2017 TZS '000
10 SELLING AND MARKETING EXPENSES			
Staff costs	13	1,480,304	1,292,265
Marketing, advertising and sales costs		1,037,541	1,087,065
		2,517,845	**2,379,330**

		Notes	2018 TZS '000	2017 TZS '000
11	**ADMINISTRATIVE EXPENSES**			
	Staff costs	13	6,795,036	5,927,445
	Consultancy costs		4,732,451	3,749,725
	Technical assistance		5,088,367	5,059,892
	Rent, rates and hiring costs		1,574,660	872,087
	Impairment of receivables	22	936,623	1,390,168
	Other administrative expenses*		5,576,430	5,651,303
			24,703,567	**22,650,620**
	*Included in other administrative expenses are:			
	Audit fees		173,636	125,208
	Donations		19,216	94,325
	Other costs; security, maintenance		3,594,210	3,802,512
	Travelling cost		814,335	604,342
	Legal fees		383,874	916,659
	Loss on disposal of property, plant and equipment		491,652	1,981
	Directors' remuneration		99,507	106,276
12	**DEPRECIATION AND AMORTISATION**			
	Depreciation of property plant and equipment (Note 18)		16,495,481	16,659,192
	Amortisation of intangible assets (Note 19)		1,282,688	1,379,349
	Amortisation of lease hold land (Note 20)		27,846	27,846
			17,806,015	**18,066,387**

		Notes	2018 TZS '000	2017 TZS '000
13	**STAFF COSTS**			
	Staff costs under:			
	Cost of sales (Note 9)		9,235,535	8,514,270
	Selling and marketing costs (Note 10)		1,480,304	1,292,265
	Administrative expenses (Note 11)		6,795,036	5,927,445
			17,510,875	**15,733,980**
	Staff costs is made up of:			
	Salaries and wages		8,081,478	7,853,599
	Social Security Contribution		1,199,683	984,531
	Payroll tax (SDL)	31	614,874	567,661
	Post-employment and long service costs	30	1,229,955	754,169
	Other employment costs and employee benefits*		6,384,885	5,574,020
			17,510,875	**15,733,980**

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

		2018 TZS '000	2017 TZS '000
14	**OTHER OPERATING EXPENSES**		
	Local government levies and taxes	3,920,970	826,870
	Property taxes	372,953	115,868
		4,293,923	**942,738**
15	**FINANCE INCOME**		
	Interest income on short term bank deposits	1,393,736	881,127
		1,393,736	**881,127**

		2018 TZS '000	2017 TZS '000
16	**FINANCE COSTS**		
	Interest expense on short-term borrowing	42,903	13,631
		42,903	**13,631**
17	**NET GAIN ON FOREIGN CURRENCY TRANSLATION**		
	GAIN ON FOREIGN CURRENCY TRANSLATION		
	Exchange gain - realised	5,547,785	2,646,421
	Exchange loss - realised	(775,084)	(314,297)
	Sub-total	**4,772,701**	**2,332,124**
	Exchange gain - unrealised	8,246,441	13,214,956
	Exchange loss - unrealised	(12,686,230)	(13,489,541)
	Sub-total	**(4,439,789)**	**(274,585)**
	Net foreign exchange gain	**332,912**	**2,057,539**

18. 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
Cost						
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	190,786	2,552,679	859,871	-	(3,603,336)	-
Write offs		(14,671,293)				
Disposals	(77,608)		(70,733)	-		(148,341)
At 31 December 2017	**46,296,858**	**205,629,390**	**15,303,516**	**2,876,287**	**734,214**	**270,840,265**
At 01 January 2018	**46,296,858**	**205,629,390**	**15,303,516**	**2,876,287**	**734,214**	**270,840,265**
Additions	-	-	-	378,593	9,271,091	9,649,684
Transfers	929,018	4,359,369	1,590,496	-	(6,878,883)	-
Disposals	(242,689)	(3,550,886)	(44,269)	-	-	(3,837,844)
At 31 December 2018	**46,983,187**	**206,437,873**	**16,849,743**	**3,254,880**	**3,126,422**	**276,652,105**
Accumulated depreciation						
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
Disposals	(55,109)	-	(54,523)			(109,632)
Write off	-	(14,671,293)	-	-	-	(14,671,293)
At 31 December 2017	**15,116,796**	**93,913,938**	**12,390,577**		**-**	**121,421,311**
At 01 January 2018	**15,116,796**	**93,913,938**	**12,390,577**		**-**	**121,421,311**
Charge during the year	1,862,243	13,369,953	1,263,285	-	-	16,495,481
Disposals	(40,448)	(1,056,819)	(23,145)			(1,120,412)
At 31 December 2018	**16,938,591**	**106,227,072**	**13,630,717**		**-**	**136,796,380**
Net carrying amount						
At 31 December 2018	**30,044,596**	**100,210,800**	**3,219,027**	**3,254,880**	**3,126,422**	**139,855,725**
At 31 December 2017	**31,180,062**	**111,715,451**	**2,912,940**	**2,876,287**	**734,214**	**149,418,954**

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

19. INTANGIBLE ASSET

	Software TZS '000	Mining rights TZS '000	Total TZS '000
Cost			
At 01 January 2017	3,904,444	1,434,476	5,338,920
Additions	249,494	-	249,494
At 31 December 2017	**4,153,938**	**1,434,476**	**5,588,414**
Accumulated amortisation			
At 01 January 2017	1,232,825	340,858	1,573,683
Charge during the year	1,287,396	91,953	1,379,349
At 31 December 2017	**2,520,221**	**432,811**	**2,953,032**
Carrying value at 31 December 2017	**1,633,717**	**1,001,665**	**2,635,382**
Cost			
At 01 January 2018	4,153,938	1,434,476	5,588,414
Additions	156,290	-	156,290
Disposal	-	(514,946)	(514,946)
At 31 December 2018	**4,310,228**	**919,530**	**5,229,758**
Accumulated amortisation			
At 01 January 2018	2,520,221	432,811	2,953,032
Charge during the year	1,282,688	-	1,282,688
Disposal	-	(310,497)	(310,497)
At 31 December 2018	**3,802,909**	**122,314**	**3,925,223**
Carrying value at 31 December 2018	**507,319**	**797,216**	**1,304,535**

20 LEASEHOLD LAND

	2018 TZS'000	2017 TZS'000
At 01 January	1,120,159	1,148,005
Additions	-	-
	1,120,159	1,148,005
Less: Amortisation for the year	(27,846)	(27,846)
At 31 December	**1,092,313**	**1,120,159**
Within one year	27,846	27,846
After one year	1,064,467	1,092,314
	1,092,313	**1,120,159**

Lease amount was paid upfront and amortised over the useful life. The remaining lease period for leasehold land is 74 years.

21 INVENTORIES

		2018 TZS'000	2017 TZS'000
Raw materials, additives, consumables and spare-parts		60,139,122	49,337,709
Work - in – progress		1,672,099	784,932
Finished goods and goods for resale			
- Twiga Extra Cement		864,209	544,073
- Twiga Ordinary Cement		403,335	291,434
- Twiga Plus Cement		974,016	1,002,534
- Twiga Aggregate		139	331,315
- Twiga Jenga		320,566	30,141
Less: Provision for obsolete stock	(a)	(9,080,234)	(10,421,997)
Provision for impairment of spare parts		(189,025)	(189,025)
		55,104,226	**41,711,116**

		2018 TZS'000	2017 TZS'000
(a)	Movement in provision		
	At 01 January	10,421,997	11,121,997
	Release of provision	(1,341,763)	(700,000)
	At 31 December	**9,080,234**	**10,421,997**
(b)	Value of inventories expensed during the year	**86,020,694**	**72,845,500**

During 2018, none of the Company's inventories balances were pledged as security for liabilities.

22 TRADE RECEIVABLES

	2018 TZS'000	2017 TZS'000
Trade Receivables	40,190,772	30,847,514
Allowances for expected credit losses	(2,041,002)	(1,104,378)
Written-off during the year through profit or loss	-	(1,076,941)
	38,149,770	**28,666,195**

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2018 TZS'000	2017 TZS'000
At 01 January	1,104,379	791,151
Provision for expected credit losses	936,623	313,227
At 31 December	**2,041,002**	**1,104,378**

Trade receivables are non-interest bearing and are generally on 30 to 90 days payment terms. Provision policy excludes debtors backed by guarantees.

Significant increase in sales led to significant increase in trade receivables from TZS 30.8 billion to TZS 40.1 billion. In 2018, TZS 2.04 (2017: TZS 1.1 billion) was recognised as provision for expected credit losses on trade receivables for the company. Information about the credit exposures are disclosed in Note 41.

23 OTHER SHORT-TERM OPERATING RECEIVABLES

	2018 TZS '000	2017 TZS '000
Prepaid expenses	1,783,662	3,602,640
Other short-term receivables:		
Staff advances	494,904	342,852
Advances to suppliers	5,027,875	4,043,308
Other short-term receivables*	-	1,752,181
	5,522,778	6,138,341
Gross debtors	**7,306,440**	**9,740,981**
Allowance for expected credit losses	(744,188)	(744,188)
	6,562,252	**8,996,793**
Movement in allowance for expected credit losses		
At 01 January	(744,188)	(744,188)
Provision for expected credit losses	-	-
At 31 December	**(744,188)**	**(744,188)**

Terms and conditions of the above other receivables:

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

Advances to suppliers are non-interest bearing and are generally on a maximum of 90 days terms. The balance at year end represent down payment to suppliers for upcoming deliveries and port clearing charges.
Immediately as such deliveries are made, normally within two months, respective expenses as applicable are actualised. Management has assessed impairment on such balances and concluded that default is remote and any provision would be immaterial.

*Other short-term receivables consist of TZS 1.8 billion deposit to Tanzania Revenue Authority as a requirement for filling objection regarding transfer pricing cases disclosed under note 37. This has been utilised in the current year after the dispute was settled

24 OTHER FINANCIAL ASSETS

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

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

Payment terms for the individual plots ranges from one to two years, to be paid in two instalments annually up to December 2020.

	2018 TZS '000	2017 TZS '000
Amount receivable as at 31 December		
Balance brought forward	20,863,896	-
Selling price inclusive of Value Added Tax*	8,444,021	27,424,970
Value added tax paid	(1,288,071)	(4,183,470)
Proceeds received	(13,315,133)	(2,377,604)
Total amount receivable	**14,704,713**	**20,863,896**
Current portion	7,191,052	4,114,476
Non-current portion	7,513,661	16,749,420
	14,704,713	**20,863,896**

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

25 CASH AND BANK BALANCES

	2018 TZS '000	2017 TZS '000
Cash at bank - local currency	16,813,179	28,630,354
Cash at bank - foreign currency	49,156,703	6,100,600
Cash at hand	17,376	8,048
	65,987,258	**34,739,002**

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:

	2018 TZS '000	2017 TZS '000
	65,987,258	34,739,002
	65,987,258	**34,739,002**

26 SHARE CAPITAL

	2018	2017
AUTHORISED, ISSUED AND FULLY PAID UP		
179,923,100 Ordinary Shares of TZS 20 each	**3,598,462**	**3,598,462**

SHAREHOLDING

Shareholder:	**Number of Shares**	**Number of Shares**
Scancem International DA	124,598,500	124,598,500
General Public	54,923,107	54,923,107
Wazo Hill Savings and Credit Cooperative Society	401,493	401,493
	179,923,100	**179,923,100**

27 INTEREST BEARING LOAN

The loan of initially TZS 1,082,822,619 was extended by the Government of the United Republic of Tanzania to the Company for the rehabilitation of the Company quarries under the SIDA import support programme during the financial year 1988/1989, 1989/1990 and 1990/1991. The loan carries interest rate of 10% per annum on the outstanding balance and is payable in semi-annual equal instalments of TZS 25,181,921 for a period of 20 years. The repayment of the loan commenced on 31 January 1999 and is payable up to 31 December 2016. As at 31 December 2018, 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	2018 TZS '000	2017 TZS '000
Interest payable as at 31 December		5,021	5,021

28 TRADE AND OTHER PAYABLES

	Notes	2018 TZS '000	2017 TZS '000
Trade payables - third parties		37,648,778	22,367,286
Trade payables - intercompany	32 (b)	6,866,392	7,206,309
Accruals*		10,499,825	8,810,771
Contract liabilities	29	1,919,803	3,173,625
Short-term operating payables		1,189,505	3,457,635
Payables for payroll and related costs		3,028,764	622,917
		61,153,067	**45,638,543**

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 32.
- 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

29 CONTRACT LIABILITIES

	2018 TZS '000	2017 TZS '000
Opening balance	3,173,625	3,626,601
Advances for cement sales	1,919,803	3,173,625
Recognised as revenue during the year	(3,173,625)	(3,626,601)
	1,919,803	**3,173,625**

The performance obligation is satisfied when cement trucks crosses Tanzania Portland Cement Plc's weighbridge and delivery note generated.

30 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:

	2018 TZS '000	2017 TZS '000
Endowment Scheme	701,697	655,218
Parastatal Pension Fund (PPF)	458,326	434,999
National Social Security Fund (NSSF)	741,357	549,532
	1,901,380	**1,639,749**

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:

	2018 TZS '000	2017 TZS '000
Present value of unfunded obligations	5,119,604	4,818,290
Net liability recognised in statement of financial position	**5,119,604**	**4,818,290**
Post-employment benefit	4,715,492	4,451,709
Other long-term benefits	404,112	366,581
	5,119,604	**4,818,290**

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

	2018 TZS '000	2017 TZS '000
Current service cost	235,492	158,495
Interest on obligation	576,463	595,674
Expense recognised in profit or loss	**811,955**	**754,169**
Actuarial losses on defined benefit plan:		
Post-employment benefit	545,753	1,787,795
Other long-term benefits	31,136	158,375
Expense recognised in OCI	**576,889**	**1,946,170**

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

Post-employment benefits	2018 TZS '000	2017 TZS '000
Opening balance (end-of-service benefits)	4,449,941	3,591,909
Current service costs	222,782	145,597
Interest cost	532,082	548,112
Benefits payments	(1,028,835)	(1,623,472)
Actuarial losses	545,753	1,787,795
Closing balance (end-of-service benefits)	**4,721,723**	**4,449,941**

	2018 TZS '000	2017 TZS '000
Other long-term benefits		
Opening balance (long-service awards)	368,349	290,389
Current service costs	12,710	12,898
Interest cost	44,381	47,562
Benefits payments	(58,695)	(140,875)
- Sub-total: change in provision for other long-term benefits	(1,604)	(80,415)
Actuarial (gains)/losses	31,136	158,375
Closing balance (long-service awards)	**397,881**	**368,349**
Total amount of obligation	**5,119,604**	**4,818,290**

Expected benefit payments

	Expected benefits payments		Expected contributions	
	2018 TZS '000	2017 TZS '000	2018 TZS '000	2017 TZS '000
In the following year	556,130	1,345,341	-	56,056
In current year +2	848,057	290,995	130,283	32,333
In current year +3	585,602	812,082	65,752	90,231
In current year +4	774,049	553,937	86,005	61,549
In current year +5	268,013	794,015	29,779	88,224
In current year + 6 and > (in aggregate)	4,671,435	3,596,296	519,048	399,588

The average duration of the defined benefit plan obligation at the end of the reporting period is 15 years (2017: 15 years).

Significant actuarial assumptions	2018	2017
Discount rate at 31 December	12%	14%
Future annual salary increases	5%	6%
Interest/inflation rate	5%	5%
Retirement age	60 years	60 years
Cement per ton price	TZS 92,000	TZS 92,000

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

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

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

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

Sensitivity analysis

The assumptions with the greatest impact on the results are:

	2018 TZS '000	2017 TZS '000
Discount +1%	4,843,706	4,601,858
Discount -1%	5,429,208	5,058,347
Service plus interest cost discount +1% +1%	820,000	808,138
Service plus interest cost discount -1%	836,166	816,249

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	286	278
Average age	43	42.70
Average future service	15	15
Average annual pensionable salary	31,467	23,902

The scheme has no retired or inactive members.

31 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:

	2018 TZS'000	2017 TZS'000
Skills and Development Levy	614,874	567,661
Workers Compensation Fund	119,174	106,953

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

Pay As You Earn	3,002,785	3,615,798

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	80,725	86,150
Pay As You Earn	474,709	452,255
Workers Compensation Fund	18,705	12,481

32 RELATED PARTY TRANSACTIONS

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

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

(a) **Sales to related parties**

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

(b) **Purchases from related parties**

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

Related party	Relationship	2018 TZS'000	2017 TZS'000
Heidelberg Cement AG	Ultimate parent company	4,363,575	149,145
Scancem International DA	Holding Company	4,443,754	22,292,800
HC Trading Malta Limited	Sister company	19,061,112	4,573,764
		27,868,441	**27,015,709**

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

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

Due to related parties	2018	2017
Heidelberg Cement AG	1,020,521	267,405
Scancem International DA	809,757	2,365,140
HC Trading Malta Limited	5,036,114	4,573,764
	6,866,392	**7,206,309**

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 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2017: 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.

	2018 TZS '000	2017 TZS '000
Short-term employee benefits (Salaries and allowances)	5,232,135	5,445,162
Post-employment benefits (defined contribution plans)	236,442	234,223
	5,468,577	**5,679,385**

- No termination or other long-term benefits were paid to key management personnel during the year (2017: 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.

33 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.

	2018	2017
At 1 January	2,048,779	3,372,972
Provision for the year	1,036,840	384,409
Release of provision	-	(1,708,602)
At 31 December	**3,085,619**	**2,048,779**

'The key assumptions used in determining the provision are:

- The useful life of the site is estimated to be 30 years and the provision is made based on the discounted expected cost of closure at the end of this period.
- The cost will be incurred in USD
- The estimated cost is USD 0.2 per ton of material mined from the quarry site.
- The applicable discount rate equals 12% (2017: 14%) which fairly approximates to the market rate
- Tanzania inflation rate used was 5% (2017: 5.4%)
- The expected timing of the provision is to be utilised over periods after more than one year from the reporting date.

34 INCOME TAX

	2018 TZS '000	2017 TZS '000
i) Income tax expense		
Current income tax charge	28,891,560	21,229,157
Under-provision from previous years taxes	-	482,688
Deferred income tax credit	(4,012,872)	(1,210,413)
Current income tax charge - prior periods	-	9,500,000
	24,878,688	**30,001,432**
ii) Reconciliation of tax expense to tax based on accounting profit:		
Accounting profit before taxation	81,744,782	65,597,825
Tax applicable rate of 30% (2017: 30%)	24,523,435	19,679,347
Tax effect on non-taxable/non-deductible items		
Disallowable expenses for tax purposes*	355,253	339,397
Under-provision from previous years taxes	-	482,688
Current income tax charge - prior periods	-	9,500,000
Income tax expense	**24,878,688**	**30,001,432**

	2018 TZS '000	2017 TZS '000
iii) Deferred income tax		
Accelerated depreciation for tax purposes	97,405,569	103,850,847
Provisions for post-employment benefits	(2,596,255)	(2,872,120)
Write-down of inventory to net realisable value	(9,269,259)	(10,611,023)
Actuarial losses on employee benefits obligation	(2,523,059)	(1,946,170)
Provision for impairment of receivables	(2,785,189)	(1,848,566)
Provision for quarry site restoration	(3,085,619)	(2,048,779)
Unrealised exchange loss	(12,686,230)	(13,489,541)
Unrealised exchange gain	8,246,441	13,214,956
Other temporary differences	(2,589,717)	(179,794)
	70,116,682	84,069,810
Deferred income tax liability thereon at 30%	21,035,005	25,220,943
Less: Opening deferred tax liability	(25,220,943)	(26,532,519)
Deferred income tax charge	**(4,185,939)**	**(1,311,576)**
Deferred income tax credit to profit	(4,012,872)	(1,210,413)
Deferred tax prior period	-	482,688
Deferred income tax credit to other comprehensive income	(173,067)	(583,851)
	(4,185,939)	**(1,311,576)**
iv) Current income tax payable		
Tax payable/(receivable) brought forward	8,434,329	(1,649,132)
Tax charge for the year	28,891,560	21,229,157
Current income tax charge - prior periods	-	9,500,000
Utilisation of 1/3 paid to TRA in prior periods	(1,752,181)	
Tax payments during the year	(31,997,950)	(20,645,696)
Current income tax payable	**3,575,758**	**8,434,329**

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

35. DIVIDEND PROPOSED AND APPROVED

	2018 TZS '000	2017 TZS '000
Dividend approved during the year		
Dividends on ordinary shares:		
Final dividend 2017: TZS 100 per share (2016: TZS 60 per share)	17,992,310	10,795,386
First Interim dividend 2018: NIL (2017: TZS 120 per share)	-	21,590,772
Second Interim dividend 2018: NIL (2017: TZS 70 per share)	-	12,594,617
Total	**17,992,310**	**44,980,775**

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

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

Subsequent to year-end, the Board proposed a final dividend for 2018 totalling TZS 52.17 billion (2017: TZS 17.9 billion) being TZS 290 per share (2017: TZS 100 per share).

36. DIVIDEND PAYABLE

Dividend payable as at year end comprises of:

	2018 TZS '000	2017 TZS '000
Scancem International DA	-	8,285,800
Third party	3,850,962	7,233,995
	3,850,962	**15,519,795**

37. 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.

	2018 TZS '000	2017 TZS '000
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	105,000
More than five years	3,360,000	3,412,500
	3,517,500	**3,570,000**

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 2018, the Company had not received any advances for rent. Rent is received on annual basis.

	2018 TZS '000	2017 TZS '000
Rental income recognised during year	**22,981**	**53,180**

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

	2018 TZS '000	2017 TZS '000
Within one year	22,981	53,180
After one year but not more than five years	45,960	49,780
	68,941	**102,960**

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:

	2018 TZS	2017 TZS
Guarantees and standby letters of credit	**28,363,176**	**19,405,883**

Legal claims

Contingent liabilities relate to several court cases on land trespassing, alleged unfair termination of employment contracts and breach of business contracts all amounting to TZS 1.3 billion (2017: TZS 1.1 billion).

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

Contingent asset

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

Tax assessment

As at 31 December 2018, the Company had unresolved tax assessments (VAT, WHT and PAYE) and appealed the matter to the Appeal Board. The Company has submitted detailed documentation to the Appeal Board and the revenue authority to support its position. A provision of TZS 2.9 billion has been made in the financial statements to recognise the liability that might arise from these pending tax cases.

38. EARNINGS PER SHARE

	2018	2017
Profit attributable to ordinary equity holders	56,866,094,000	35,596,393,000
Weighted average number of ordinary shares	179,923,100	179,923,100
Basic and diluted earnings per share (TZS)	**316**	**198**

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.

39. 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.

40. EVENTS AFTER THE REPORTING DATE

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

41. 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 2018	+10%	6,315,840
	-10%	6,315,840
Net effect based on statement of financial position as at 31 December 2017	+10%	2,704,035
	-10%	(2,704,035)

The sensitivity analysis has been determined based on the net exposure as at 31 December 2018. The change of 10% is what is used when determining the net foreign currency transaction risk reported internally to key management personnel to assess reasonably possible change in foreign exchange rates.

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

At 31 December 2018	Exposure in EURO translated in TZS TZS'000	Exposure in USD translated in TZS TZS'000	Total in function currency TZS'000
Financial assets			
Trade and other receivables	-	1,149,124	1,149,124
Cash and cash equivalents	9,099	49,160,418	49,169,517
Other financial assets	-	14,704,712	14,704,712
	9,099	65,014,254	**65,023,353**
Financial liabilities			
Trade and other payables	1,302,786	1,855,857	3,158,643
Net exposure	**(1,293,687)**	**63,158,397**	**61,864,710**
At 31 December 2017			
Financial assets			
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
	1,665	**29,103,810**	**29,105,475**
Financial liabilities			
Trade and other payables	263,871	2,063,462	2,327,333
Net exposure	**(262,205)**	**27,040,348**	**26,778,142**

Exchange rates applicable were as follows:

	TZS:EURO	TZS:USD
On 1 January 2018	2,693	2,244
On 31 December 2018	2,629	2,310
On 1 January 2017	2,364	2,248
On 31 December 2017	2,693	2,244

c. Credit risk management

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

Trade Receivable

Customer credit risk is managed by finance department subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any sales to major customers are generally covered by guarantee letters obtained from reputable banks and other financial institutions. For the majority of customers, including export clients, full upfront payment is demanded.

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

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

Generally, trade receivables are not written-off if past due for more than one year and are subject enforcement activity. The Company does not hold collateral as security. The letters of guarantee are considered integral part of trade receivables and considered in the calculation of impairment. At 31 December 2018, 75% (2017: 68%) of the Company's trade receivables are covered by letters of guarantees. For this matter the Company evaluates the concentration of credit risk with respect to trade receivable as low.

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

	Trade receivables				
	Days past due				
	Current	31-90days	91 - 180 days	181 - 360 days	Total
31 December 2018					
Expected credit loss rate	0.003%	0.003%	5%	23%	
Estimated total gross carrying amount at default	10,391,680	19,500,344	1,956,293	8,342,455	40,190,772
Expected credit loss	323	606	97,815	1,942,258	2,041,002

Financial instruments and cash deposits

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

The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2018 and 2017 is the carrying amounts as illustrated in table below:

Maximum exposure to credit risk

	Notes	2018 TZS'000	2017 TZS'000
Trade receivables	22	38,149,770	28,666,195
Other short-term financial assets	23	6,562,252	8,996,793
Other financial assets	24	14,704,712	20,863,896
Bank balances	25	65,987,258	34,739,002
		125,403,992	**93,265,886**

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 37.

Analysis of credit risk mitigation:

Trade receivables	22	38,149,770	28,666,195
Bank guarantees	37	(28,363,176)	(19,405,883)
Unguaranteed trade receivables		**9,786,594**	**9,260,312**

d. Liquidity risk

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

At 31 December 2018	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
Financial liabilities					
Interest-bearing loan	-	5,021	-	-	5,021
Trade and other payables	4,948,567	56,204,500	-	-	61,153,067
Dividend payable	3,850,962	-	-	-	3,850,962
	8,799,529	**56,209,521**	**-**	**-**	**65,009,050**
At 31 December 2017					
Financial liabilities					
Interest-bearing loan	-	5,021	-	-	5,021
Trade and other payables	3,796,542	41,842,001	-	-	45,638,543
Dividend payable	15,519,795	-	-	-	15,519,795
	19,316,337	**41,847,022**	**-**	**-**	**61,163,359**

The amount for interest-bearing loans as at 31 Dec. 2018 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

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

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

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

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

Description of valuation techniques used and key inputs to valuation non-current financial asset:

Valuation technique	Significant observable inputs	Range (weighted average)	
		2018	2017
Market approach	6 months LIBOR interest rates	1.97% - 2.81%	1.46% - 1.9%
	TZS: USD foreign exchange rates	2,244-2,310	2,248-2,244

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 2018 and 31 December 2017.

	Notes	2018 TZS '000	2017 TZS '000
Financial liabilities less cash and cash equivalents			
Interest bearing loans	27	5,021	5,021
Trade and other payables	28	61,153,067	45,638,543
Cash and cash equivalents	25	(65,987,258)	(34,739,002)
Net debt		**(4,829,170)**	**10,904,562**
Total Equity		224,935,758	186,465,797
Capital and net debt		220,106,588	197,370,359
Gearing ratio		**-2%**	**6%**

The gearing ratio decreased to -2% % as of 31 December 2018 (2017: 6%) due to the decrease in net debt and increase total equity.

42. 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.

43. OPERATING EXPENSES BY FUNCTION

	2018 TZS'000	2017 TZS'000
Cost of sales	241,729,862	207,918,426
Selling and marketing expenses	3,454,468	3,769,498
Administrative costs	23,766,944	21,260,452
Other operating expenses	4,293,923	942,738
Total expenses	**273,245,197**	**251,891,114**

PROXY FORM

For use at the Annual General meeting of
Tanzania Portland Cement PLC

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

Venue: The Ramada Beach Resort
Jangwani Beach, Plot 170-171, Mbezi Beach, Dar es Salaam
Grand Ocean Conference Hall

Date: 7 June 2019
Time: 11:00 am

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, Ubungo Plaza Building
P.O. Box 11488, Dar-es-salaam
Tel. No. +255 779 303030
Email: judith@cadsecurities.com or neema@cadsecurities.com

twiga cement
HEIDELBERGCEMENT Group

FOMU YA MWAKILISHI

Kwa matumizi kwenye Mkutano Mkuu wa mwaka wa
Tanzania Portland Cement PLC

Mimi/ Sisi ....

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

wa Kampuni yaTanzania Portland Cement Company Ltd, namchagua (Zingatio 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.

Mahali: The Ramada Beach Resort
Jangwani Beach, Plot 170-171, Mbezi Beach, Dar es Salaam
Ukumbi wa Grand Ocean

Tarehe: 7 June 2019
Saa: Tano asubuhi

au huu Mkutano ukiairishwa, katika huo Mkutano ulioairishwa

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

Zingatia Yafuatayo:

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

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

twiga cement
HEIDELBERGCEMENT Group

twiga cement

HEIDELBERGCEMENT Group

TANZANIA PORTLAND CEMENT PLC

www.twigacement.com

P.O. Box 1950 Dar es Salaam, Tanzania
Tel: +255 746 810 930
Fax: +255 746 810 931
Email: info@twigacement.com