

TANZANIA PORTLAND CEMENT COMPANY LIMITED

Safety is Our Priority



HEIDELBERGCEMENT Group

TANZANIA PORTLAND CEMENT COMPANY LIMITED

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Safety is Our Priority



TANZANIA PORTLAND CEMENT COMPANY LIMITED
Annual Report and Financial Statements





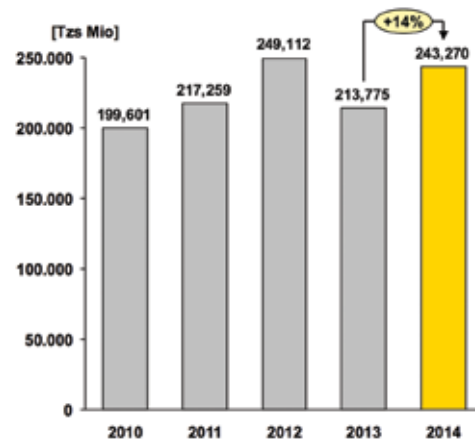


Financial Highlights

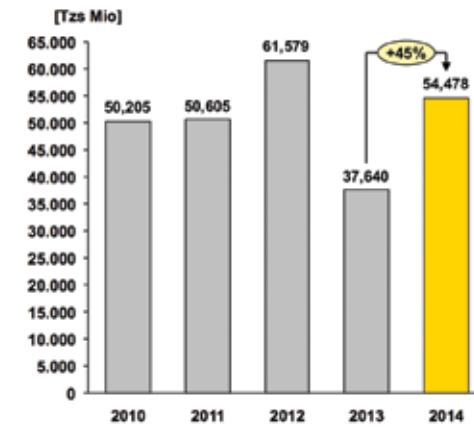
Figures in TZS' 1000	2010	2011	2012	2013	2014
Number of employees (yearly average)	358	356	358	341	318
Income statement					
Revenue	199,600,699	217,258,974	249,111,727	213,775,188	243,269,641
Operating income before depreciation (OBID)	85,859,299	83,120,654	103,326,150	62,595,247	89,875,999
Operating income (OI)	75,881,736	72,771,794	91,366,223	49,156,579	75,643,431
Profit for the financial year	50,205,052	50,605,262	61,578,589	37,640,029	54,478,236
Earnings per share (TZS)	279.04	281.26	342.25	209.20	302.79
Dividend per share (TZS)	139.51	180.00	185.00	195.00	267.00
Investments					
Total investments in fixed assets	6,082,331	23,622,977	14,232,524	37,211,974	29,593,261
Depreciation and amortisation	-9,977,563	-10,348,860	-11,959,927	-13,110,694	-14,232,568
Balance sheet					
Non-current assets	138,879,244	152,494,631	154,752,310	177,761,974	190,415,593
Current assets	78,290,725	100,173,774	123,077,973	116,719,236	122,706,699
Equity	168,329,261	186,875,852	213,029,613	223,291,173	229,711,529
Non-current liabilities	25,728,556	26,328,913	33,351,255	30,567,743	36,829,362
Current liabilities	23,112,152	39,463,640	31,449,415	40,622,294	46,581,401
Balance Sheet Total	217,169,969	252,668,405	277,830,283	294,810,210	313,122,292
Net debt [(+) means geared]	-6,911,268	-9,175,178	-25,890,914	-5,413,191	+7,022,542
Ratios					
OBD Margin	43%	38%	41%	29%	37%
OI Margin	38%	33%	37%	23%	31%
Net debt/shareholders' equity (gearing)	-4%	-5%	-14%	-2%	-14%
Net debt/OIBD	-0.08x	-0.11x	-0.25x	-0.09x	0.08x
Memo items:					
- Average exchange rate TZS/USD	1,412	1,585	1,615	1,658	1,707
- Closing exchange rate TZS/USD	1,470	1,613	1,626	1,626	1,770



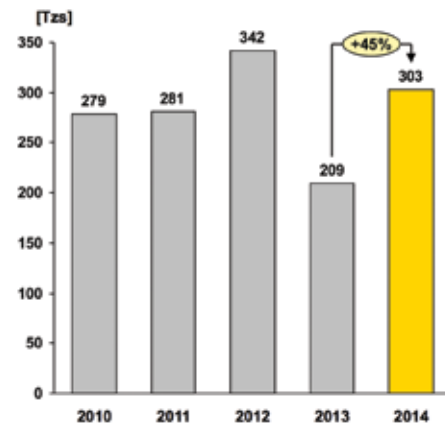
Revenue Development



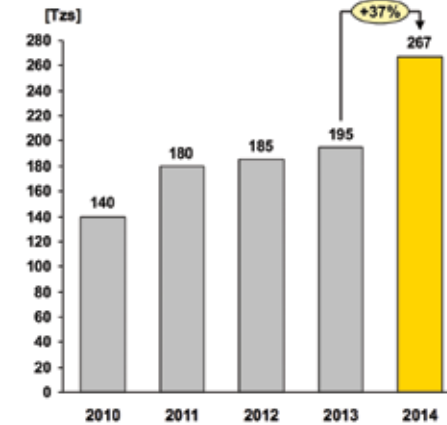
Profit/Loss in the Financial Year



Earning per Share



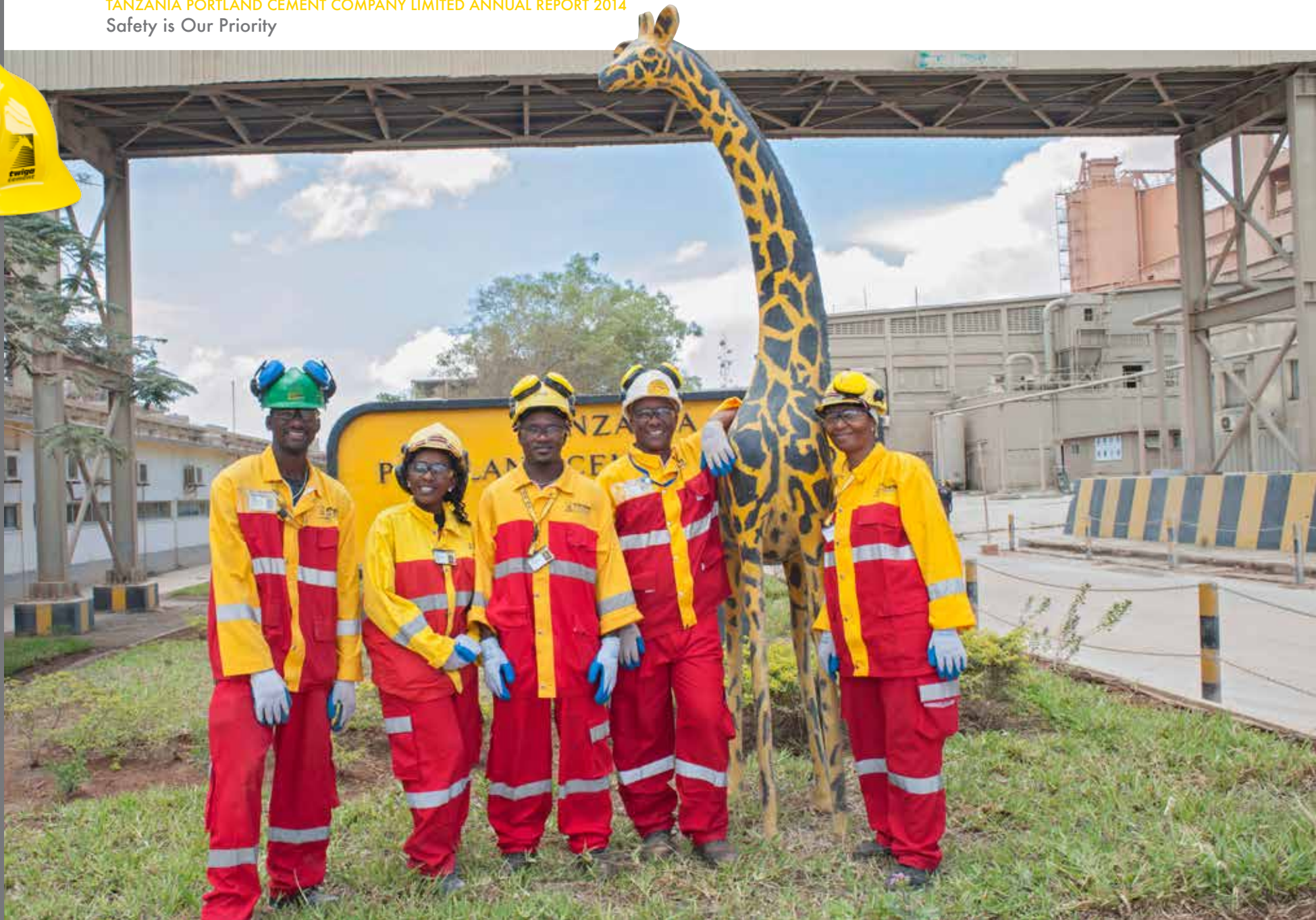
Dividend per Share



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TPCC team in their safety attire, proudly pose at the symbolic Twiga statue.



Company Information/ *Taarifa Muhimu za Kampuni*

PRINCIPAL PLACE OF BUSINESS

ENEO LA SHUGHULI ZA KAMPUNI

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

BANKERS

BENKI

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

Citibank (T) Limited

P.O. Box 71625
Dar es Salaam

National Bank of Commerce (T) Limited

Corporate Branch
P.O. Box 9062
Dar es Salaam

National Bank of Commerce (T) Limited

Mwere Branch
P.O. Box 631
Morogoro

Stanbic Bank (T) Limited

Main Branch
P.O. Box 72647
Dar es Salaam

CRDB Bank (T) Limited

PPF Tower
P.O. Box 268
Dar es Salaam

SOLICITORS

MAWAKILI

Law Associates (Advocates)

CRDB Building, Wing B
Azikiwe Street
P.O. Box 11133
Dar es Salaam

FK Law Chambers

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

COMPANY SECRETARY

KATIBU WA KAMPUNI

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

TAX ADVISORS

WASHAURI WA MASWALA YA KODI

Paul Clem & Associates

Nexia International
P.O. Box 4082
Dar es Salaam

KPMG

P.O. Box 1160
Dar es Salaam

COMPANY AUDITORS

WAKAGUZI WA HESABU ZA KAMPUNI

Ernst & Young

Certified Public Accountants
Utalii Building
P.O. Box 2475
Dar es Salaam



Letter of Transmittal/Barua ya Kuwasilisha

The Shareholders
Tanzania Portland Cement Company Limited

Letter of Transmittal

The Directors of the Company have the pleasure to submit to you the Annual Report for the Company for the year ended 31st December 2014 in accordance with section 166 of the Companies Act, 2002.

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

The Directors recommend a final dividend of TZS 267 per share (2013 TZS 195). The amount includes TZS 70 per share paid in October 2014 as interim dividend.

Jean-Marc Junon

CHAIRMAN
Tanzania Portland Cement Company Limited

Kwa Wanahisa
Tanzania Portland Cement Company Limited

Barua ya Kuwasilisha

Wakurugenzi wa Kampuni wanayo furaha kuwasilisha kwenu Taarifa ya Mwaka ya Kampuni kwa kipindi cha mwaka ulioishia Decemba 31, 2014, 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 267 kwa kila hisa kwa mwaka 2014 (2013 TZS 195). Kiasi hicho kinajumuisha gawio la TZS 70 kwa kila hisa lililolipwa mwezi Oktoba 2014 kama gawio la awali.

Jean-Marc Junon

MWENYEKITI
Tanzania Portland Cement Company Limited

Mr. Jean-Marc Junon,
Chairman - Twiga Cement

Chairman's Statement



Dear Shareholders, Dear Customers, Employees and Friends
of Tanzania Portland Cement,

Tanzania Portland Cement Company Limited (TPCC) significantly improved its business performance in 2014 and further strengthened its brand image through quality and service delivery.

Economic and Business Environment

The Tanzanian economy grew at a pace of around 7% in 2014, which is in line with the positive trend of previous years. The cement market grew at the same rate.

As at the end of 2014, the existing production cement capacity in Tanzania already exceeded the total cement consumption in the country. During 2015, further production capacity is expected to be commissioned, increasing the over capacity situation.

In the year under review, the Tanzanian Shilling depreciated by more than 8% against the USD.

Financial Performance

In 2014, TPCC increased its cement sales volume by 15% versus 2013 as a result of better production efficiency, commissioning of a new cement mill in the last quarter, recruitment of new distributors and the re-introduction of Twiga Extra in the product mix. Over the period, revenues increased by 13.8%, and operating income improved by 55% due to the combined effect of higher sales and improved cost control.

Prospects

Cement consumption in Tanzania and in the East-African region should continue to grow at the same pace in the coming years. With its expanded capacity, TPCC is well positioned to meet this growing demand.



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The company is analysing options to ensure reliable power supply, by securing its own power production. A final decision should be taken in 2015.

TPCC has recently succeeded to significantly increase its limestone reserves, further supporting its long term development potential and competitiveness.

Dividend

The Board proposes a dividend for 2014 of TZS 267 per share. This is an increase of 36.9% compared to the previous year's amount of TZS 195 per share. The proposed dividend includes an interim amount of TZS 70 per share paid in October 2014. This represents 88% of the 2014 net income.

Corporate Citizenship

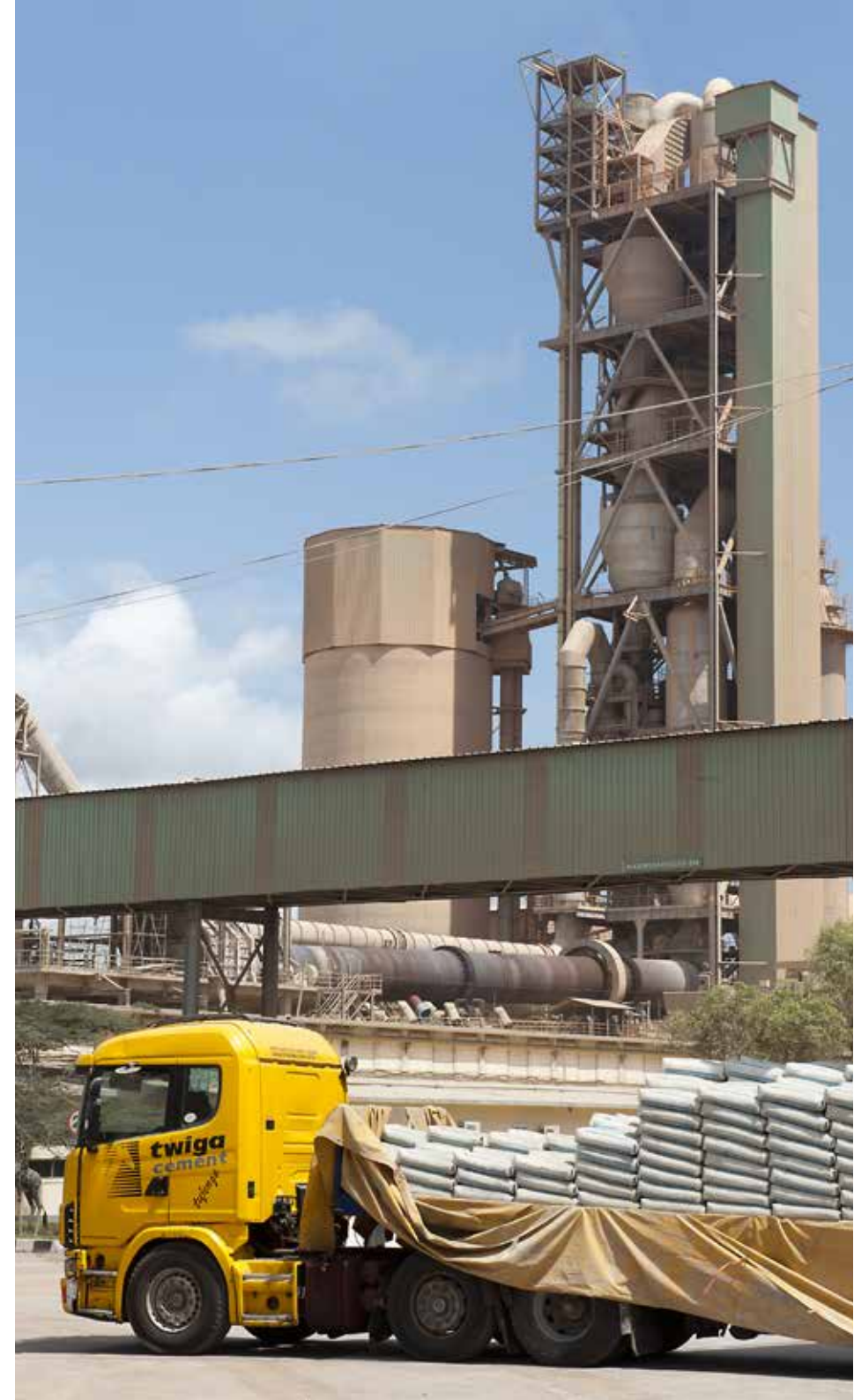
TPCC continues to fulfil its commitment towards full compliance in terms of Social Corporate Responsibility, taking all necessary measures to improve its performance in health & safety, environmental management, governance, human rights and antidiscrimination policies.

TPCC is a major contributor to the Tanzanian economy and society through government taxes, technology improvements, new investments, international business standards, community development programs and by performing its core activity: to produce high quality cement for building the country.

Thanks to all our stakeholders and employees

I would like to express my gratitude to TPCC Board members, Management, staff and all stakeholders for their support during the past year. We are confident that TPCC will continue to deliver good value for the shareholders in the future.

Jean-Marc Junon
Board Chairman





Maelezo Mafupi ya Mwenyekiti

Utangulizi

Kampuni ya Saruji Tanzania (TPCC) imeongeza ufanisi wa kiutendaji katika mwaka 2014 na kuimarisha taswira ya bidhaa zake katika soko kwa kuongeza ubora na utoaji wa huduma kwa wateja.

Mtazamo wa kiuchumi na biashara

Uchumi wa Tanzania umeendelea kukua kwa kiwango cha 7% na hii inathibitisha matarajio chanya kutoka miaka iliyopita. Ukuaji wa soko la saruji ulikwenda sambamba na ukuaji wa uchumi.

Hadi kufikia mwisho wa mwaka 2014, uwezo wa uzalishaji wa saruji katika soko la Tanzania ulizidi mahitaji ya saruji. Uwezo wa uzalishaji wa saruji unategemewa kuongezeka katika mwaka 2015 kutokana na kuongezeka kwa viwanda vya kuzalisha saruji nchini.

Katika kipindi hiki, sarafu ya Tanzania ilishuka thamani kwa takribani 8% dhidi ya Dola ya Marekani.

Utendaji wa kifedha

Mwaka 2014, TPCC imeongeza usambazaji wa saruji kwa 15% ukilinganisha na mwaka 2013 kutokana na ufanisi mzuri katika uzalishaji, kufunguliwa kwa kinu kipya cha kusaga saruji katika robo ya mwisho wa mwaka 2014, ongezeko la wasambazaji wapya wa saruji na kurejeshwa sokoni kwa bidhaa ya Twiga Extra. Katika kipindi cha mwaka 2014, mauzo yaliongezeka kwa 13.8%, na faida ghafi ikaongezeka kwa 54% ikiwa imechangiwa na ongezeko la mauzo na udhibiti mzuri wa matumizi.

Matarajio

Matumizi ya saruji katika soko la Tanzania na Afrika Mashariki yanategemewa kuongezeka katika miaka ijayo kwa kiwango kile kile cha mwaka uliopita. Kwa kuongeza uwezo wake wa uzalishaji saruji, TPCC imejiweka katika nafasi nzuri ya kutosheleza ongezeko hili la mahitaji ya saruji.

Kampuni inatathmini njia mbalimbali za kupata nishati ya umeme ya uhakika, ikiwa ni pamoja na kuwa na mtambo wa uzalishaji umeme. Maamuzi ya mwisho ya mradi huu yatafanyika mwaka 2015.

TPCC imefanikwa kwa kiasi kikubwa kuongeza hazina ya mawe ya chokaa kukidhi mahitaji ya muda mrefu na kuimarisha ushindani.

Gawio

Bodi ya Wakurugenzi inapendekeza gawio la TZS 267 kwa hisa kwa mwaka 2014. Hili ni ongezeko la 36.9% ikilinganishwa na gawio la mwaka uliopita. Gawio hili linajumuisha gawio la awali la TZS 70 kwa hisa lililolipwa Oktoba 2014. Pendekezo hili ni sawa na 88% ya faida ya mwaka baada ya kulipa kodi.

Uraia Mwema

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

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

Hitimisho

Mwisho, ningependa kuwashukuru Wakurugenzi wa Bodi, uongozi wa Kampuni, wafanyakazi pamoja na wadau wote kwa kazi nzuri ya mwaka uliopita. Tuna uhakika kwamba TPCC itaendelea kutengeneza thamani nzuri kwa wanahisa katika siku zijazo.

Jean-Marc Junon

Mwenyekiti wa Bodi



Managing Director's Report

Introduction

2014 was a year of performance recovery for TPCC. The commissioning of new cement factories in the Dar es Salaam area together with the continuous penetration of imported cement bordering on unfair competition increased the pressure on domestic prices and volumes especially during the second half of the year. However, decisive strategic changes on TPCC's product mix that resulted into an increase of cost competitiveness, created the foundation for an overall successful year. TPCC increased its sales volume by 15% compared with the previous year and the Operating Profit was boosted by 54.5%. Despite, this excellent performance, many challenges remain ahead. The continuous increase of cement capacity in Tanzania expected in 2015 and the unreliable power supply from TANESCO, will test once again the capacity of adaptation of TPCC and its Management Team to confront adverse circumstances. With the commissioning of our new cement mill (700 Kt year) in second half of 2014 and the intensive cost reduction program driven by our C.I.P. project (Continuous Improvement Process), we are fully equipped to once more deliver the expected results and to continue creating value for all our stakeholders.

Sales

In 2014, the construction sector continued to grow at 7%, through investment in public infrastructure and private housing developments, in line with the GDP growth of Tanzania. Tanzanian domestic market, though affected by a specially heavy rainy season, reached the 3.19 million Mt milestone, the irruption of new cement factories in Dar es Salaam the stronger presence of imported cement was one of the highlights of the year and forced TPCC to



adapt to the new market conditions, increasing competitiveness and volumes by reintroducing Twiga Extra cement. TPCC redesigned its sales strategy moving from commodity approach to a product/service approach. This requested a deep change in management style, the approach to the market and the after sales service that was carried out with rigorous success.

TPCC continued to be the market leader in quality and volume, being the preferred supplier for all main national and international contractors and strengthening Twiga brand perception through improved cement availability and customer service.

In Q4 2014 TPCC commissioned its new a vertical integration market development with the investment of over TZS 5 billion in a state of the art aggregate plant that provides high quality aggregate solution for the professional customer segment.

Operations

All operational parameters at TPCC for the year 2014 show a clear improvement. This was the direct result of top to bottom reorganization of the technical departments, and excellent response of the work force to the challenges and changes brought forward into the organization. The creation of an independent mines department reporting directly to the Plant Manager and the deep changes in the Maintenance organization, have also been key for success of the operations. Clinker and cement production have reached record figures with 13% and 15% increase in comparison to 2013. Cement mill 5 was commissioned ahead of schedule and within budget in October 2014, adding an additional cement capacity of 700 K Mt. Together with the new mill, the finalization of the new 50 K mt clinker storage an off-spec silo, have prepared TPCC to face the new competition and operational challenges in full compliance with the environmental regulations.

Financial performance

With an increase of 15% in sales volumes, TPCC Profit for the year was TZS 54.5bn compared with TZS 37.6bn in the previous year. This positive performance, based in variable cost reduction and fixed cost contention, has set the basis for a good year in 2015. TPCC has continued to create strong financial value for its shareholders and has substantially improved its solid financial position in 2014, proving to be ready to face any major challenges.

Corporate Citizenship

In 2014, TPCC continued with the Corporate Social Responsibility (CSR) programmes and renewed ISO 14001 and OHSAS 18001 certifications as part of the commitment on continuous improvement in line with our Health & Safety, Environmental and Sustainability Policies.

TPCC continued with different donations to hospitals, orphanages and schools, and collaborate with the government to minimize the impact of the dramatic floods during the rainy season, especially, in Dar es Salaam area, where the company assisted with machinery and resources to rebuild the collapsed main bridge on Bagamoyo road.

In the field of environment, the Tree Nursery Project continued to be active with more than 120,000 trees having been grown for quarry reforestation as well as for donation to different institutions. While continuing to maximize the utilization of our tree nursery facilities for training and educational purposes in coordination with schools and other interested groups, TPCC has developed a new strategic partnership with the Jane Goodall Institute in order to increase and spread the necessary awareness of the need of reforestation to fight climate change and erosion.

Future Ahead

In view of the positive strategic and operational improvement successfully implemented in 2014, the new completed investments and the commitment of TPCC Board of Director, Management team and staff, I am very confident that TPCC will once more , with necessary collaboration of Customers, Suppliers and all members of Twiga Cement family, succeed in 2015 to meet the performance expectation and reinforce our leadership in the Tanzanian cement industry.



Taarifa ya Mkurugenzi Mtendaji

Utangulizi

Mwaka 2014 umekuwa mwaka wa mafanikio kwa TPCC. Kufunguliwa kwa viwanda vipya vya saruji Dar es Salaam pamoja na uingizwaji wa saruji kutoka nje ya nchi na ushindani usio linganifu, vimeongeza shinikizo katika bei za saruji na mauzo hasa katika nusu ya pili ya mwaka. Hata hivyo, mabadiliko katika mkakati wa bidhaa mchanganyiko umeisaidia TPCC kuwa na gharama nafuu za kiushindani na hivyo kuweka misingi mizuri ya mafanikio ya mwaka. Kampuni iliongeza usambazaji wa saruji kwa 15% ikilinganishwa na mwaka 2013 pia na faida za kiuendeshaji ziliongezeka kwa 54%. Pamoja na matokeo haya mazuri, changamoto nyingi ziko mbeleni. Uzalishaji wa saruji nchini Tanzania unatarajiwa kuongezeka katika mwaka 2015; na nishati ya umeme isiyo ya uhakika kutoka TANESCO, ni changamoto kwa TPCC na timu nzima ya menejimenti katika kukabiliana na hali hizo. Kufunguliwa kwa kinu kipya cha kusaga saruji (700 Kt kwa mwaka) nusu ya pili ya mwaka 2014 na mpango wa kupunguza gharama (CIP), imetuwzesha kujipanga tena kufikisha malengo na kuendelea kuboresha thamani kwa wadau wetu wote.

Mauzo

Katika kipindi cha mwaka 2014, sekta ya ujenzi Tanzania imeendelea kukua kwa 7%, kupitia uwekezaji katika ujenzi wa miundo mbinu ya uma na uendelezaji wa makazi, ambao umekwenda sambamba na ukuaji wa pato la taifa. Ingawa soko la ndani liliathiriwa na mvua kubwa, mauzo ya viwanda vyote yalifikia 3.192Mt. Ongezeko la viwanda vya kuzalisha saruji katika jiji la Dar es Salaam na uwepo wa saruji kutoka nchi za nje ni kati ya mambo yaliyoipelekea TPCC kukabiliana na hali mpya ya soko. TPCC ilibadili mkakati wake wa mauzo kutoka mtizamo wa uuzaji wa bidhaa na kwenda kwenye mtizamo wa kuuza bidhaa na huduma. Hii ilisababisha mabadiliko makubwa ya mbinu za menejimenti, mbinu za soko na huduma baada ya mauzo, ambazo zilitekelezwa kwa mafanikio.

TPCC imeendelea kuwa kinara katika soko kwa viwango na usambazaji, pia ni chaguo la kwanza kwa wateja na makandarasi wa ndani na kutoka nje ya nchi. Hii iliimarisha mtazamo wa bidhaa za Twiga kwa kuboresha upatikanaji wa saruji na huduma kwa wateja.

Katika kipindi cha robo ya mwisho ya 2014, TPCC ilikamilisha mtambo wa kokoto wa thamani ya zaidi ya TZS 5 bilioni ambao unazalisha kokoto za kiwango cha juu kwa wateja walengwa.

Uendeshaaji

Kwa mwaka 2014, TPCC ilifanya maboresho katika vigezo vyote vya kiundeshaaji. Hii ilikuwa ni matokeo ya moja kwa moja kutoka juu hadi chini ya kuundwa upya idara ya kiufundi, na mwitikio mzuri wa nguvu kazi katika kukabiliana na changamoto na mabadiliko ndani ya Kampuni. Idara ya machimbo kuripoti moja kwa moja kwa Meneja Mitambo na mabadiliko katika idara ya ufundi, yamekuwa kati ya mafanikio katika utendaji.

Uzalishaji wa klinka na saruji uliongezeka kwa 13% na 15% ikilinganishwa na mwaka 2013. Kinu namba tano (CM5) chenye uwezo wa kuzalisha saruji 700Kt kwa mwaka kilikamilika kabla ya ratiba na ndani ya makadirio nusu ya pili ya 2014. Pamoja na kukamilika kwa ujenzi wa ghala lenye uwezo wa kuhifadhi klinka 50Kt, TPCC imejidhatiti kukabiliana na ushindani na changamoto za kiuzalishaji huku ikizingatia taratibu zote za uhifadhi mazingira.

Ufanisi kifedha

Pamoja na ongezeko la 15% la usambazaji wa saruji, Kampuni ilipata faida ya TZS 54.5 bilioni ikilinganishwa na TZS 37.6 bilioni ya mwaka 2013. Matokeo haya mazuri yametokana na kupungua kwa gharama za uzalishaji ambazo zimetoa mwelekeo mzuri wa mwaka 2015. TPCC imeendelea kuongeza thamani ya fedha kwa wanahisa wake na kuboresha zaidi ufanisi wa kifedha kwa mwaka 2014, na kuonyesha utayari wa kukabiliana na changamoto zozote kubwa.

Uraia mwema

Mwaka 2014, TPCC iliendelea na wajibu wake wa uraia mwema na kuhuisha ithibati za ISO 14001 na OHSAS 18001 kama sehemu ya dhamira yake ya kuendeleza maboresho kulingana na sera zetu za afya na usalama, mazingira na kuwa endelevu.

Misaada mbalimbali kwa hospitali, vituo vya yatima, mashule na kushirikiana na serikali katika kupambana na kupunguza athari zitokanazo na mafuriko, hasa katika jiji la Dar es Salaam ambapo Kampuni ilitoa mashine na rasilimali kukarabati upya daraja kuu katika barabara ya Bagamoyo.

Katika nyanja ya mazingira mradi wa kitalu cha miche ya miti bado unaendelea, zaidi ya miti 120,000 imepandwa na mingine kugawiwa kwa asasi mbalimbali.

Pia kitalu cha miche ya miti hutumika kutoa mafunzo kwa mashule na makundi mengine ili kuwaelimisha umuhimu wa kupanda miti kukabiliana na athari za mabadiliko ya tabia nchi na mmomonyoko wa ardhi.

TPCC inashirikiana na taasisi ya Jane Goodall katika kuongeza na kueneza ufahamu wa haja upandaji miti katika kupambana na mabadiliko ya hali ya hewa na mmomonyoko wa ardhi.

Hitimisho

Kwa mtazamo chanya wa kimkakati na maboresho ya kiutendaji yaliyotekelezwa mwaka 2014, uwekezaji mpya, dhamira ya Bodi ya Wakurugenzi, timu ya usimamizi na wafanyakazi, nina imani kwamba TPCC kwa mara nyingine tena ikishirikiana na wateja, wagavi na familia nzima ya Twiga Cement, tutafikia malengo ya 2015 na kuimarisha nafasi yetu ya uongozi katika sekta ya saruji Tanzania.



Charity visit to **New Life Orphanage Center** in Boko Area, which is just a few kilometers from the Cement Plant at Tegeta Wazo Hill. The charity visit and donations of food stuff is part of the Company's CSR policy in supporting local communities especially those surrounding the cement plant including schools, orphanages and health centers.



Directors' Biography



Mr. George Fumbuka

Mr. Gary Whitehead

Mr. Jean-Marc Junon

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

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

**Mr. Gary Whitehead, British
(FCCA)**

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

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

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



Mr. Alfonso Rodriguez

Mr. Arne-Jørg Selen
(Alternate to
Mr. Daniel Gauthier)

Mr. Joseph Rugumyamheto

**Mr. Alfonso Rodriguez, Spanish
(Masters Degree in Business Administration
(MBA) and Masters Degree in Real Estate
Development)**

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

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

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

**Mr. Joseph Rugumyamheto, Tanzanian
(M.A Stanford University, California, Degree
of Economics and Management from the
University of Dar es Salaam)**

Mr Rugumyamheto has over thirty five years of experience in the public sector. He is currently an independent advisor and a director of various companies and Non-Governmental Organisations having served as the Permanent Secretary President's office, Public Service Management in the Government of Tanzania. He has also been a Director in various agencies



Sifa za Wakurugenzi

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

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

Bw. Alfonso Rodriguez, Mhispania (Shahada ya uzamili Usimamizi wa Biashara (MBA))

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

Bw. Joseph Rugumyamheto, Mtanzania (Shahada ya Uchumi na Utawala ya Chuo Kikuu cha Dar es Salaam)

Bw. Rugumyamheto ana uzoefu wa miaka 35 katika utumishi wa umma na amewahi kushika nyadhifa Ukatibu Mkuu na Mkurugenzi katika wizara na vitengo mbalimbali vya umma. Bw. Rugumyamheto kwa sasa ni mshauri wa kujitegemea na pia ni mkurugenzi katika makampuni binafsi na asasi zisizo za kiserikali.

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

Tangu 1990 ni Mkurugenzi na Afisa Mkuu Mtendaji wa CORE Securities. Amewahi kufanya kazi TANESCO (1984-89), Coopers and Lybrand (1981-84), Bodi ya Biashara ya nje (1976-78) na Chuo cha Usimamizi wa Fedha (IFM) (1978-81). Ni Mjumbe wa Bodi za Swissport Tanzania Limited na Tanzania National Parks (TANAPA). Amesajiliwa katika Bodi ya Taifa ya Wahasibu na Wakaguzi katika ngazi ya mhasibu aliyethibitishwa kwenye hesabu za umma.

Mr. Daniel Gauthier, Mbelgiji (Mhandisi Ujenzi – Madini, Digrii ya Uzamili katika Uongozi, Mhandisi Ujenzi)

Miaka 32 ya uzoefu katika nyadhifa mbalimbali kwenye sekta ya saruji. Ni mjumbe katika Bodi ya Utawala ya HeidelbergCement na Afisa Mkuu Mtendaji kwa kanda ya Ulaya Kaskazini, Benelux, Afrika, Med-East na HC Trading. Ni Rais na Afisa Mkuu Mtendaji wa CBR S. A., Raisi wa Chama cha Utafiti wa Saruji Ulaya, Rais wa wa Polytech Mons Alumni, Mjumbe wa Bodi ya LVI (Carmeuse Group), Mjumbe wa Bodi ya Cembureau na mjumbe wa kamati ya The Science Academy of Belgium for the Application of Science. Pia ni Mjumbe wa Bodi ya HeidelbergCement Ulaya Kaskazini (Sweden) Akansa (Turkey na CCC (China).

Mr. Gary Whitehead, Mwingereza (FCCA)

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



Key Management Personnel



Alfonso Rodriguez



Alfred Anthony



Evaritha Tenson



Ignatius Asare



Jayne Nyimbo-Taylor



Simon Delens



John Peter



Richard Magoda



Tom Dijkstra



Directors' Report

The Directors have the pleasure in submitting their report, together with the audited financial statements of Tanzania Portland Cement Company Limited ('the Company') for the year ended 31 December 2014.

1. PRINCIPAL ACTIVITIES

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

2. COMPANY'S VISION

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

3. COMPANY'S MISSION

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

4. QUALITY STATEMENT

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

5. DIRECTORS

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

Name	Title	Nationality	Age	Qualification
Mr. Jean-Marc Junon	Chairman	French	58	BSc (Civil Eng)
Mr. Gary Whitehead	Director	British	45	FCCA
Mr. Alfonso Rodriguez	Director	Spanish	45	MBA
Mr. George Fumbuka	Director	Tanzanian	61	MBA, FCCA
Mr. Daniel Gauthier	Director	Belgian	57	BSc (Mining), MBA (Arne- Jørg Selen – Alternate to Daniel Gauthier)
Mr. Joseph Rugumyamheto	Director	Tanzanian	68	BA (Econs & Mgt), MA

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

6. AUDIT COMMITTEES

The Audit Committee members who served during the year were:

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

7. DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

	Number of shares	
	2014	2013
Bw. Joseph Rugumyamheto	51,000	55,600

8. DIRECTORS' REMUNERATION

The Company paid a total of TZS 74,982,000 (2013: TZS 73,636,000) for services rendered as Directors of the Company and members of the Audit Committee.

9. KEY MANAGEMENT PERSONNEL OF THE COMPANY

The key management personnel who served the Company during the year ended 31 December 2014 were:

Name	Title
Alfonso Rodriguez	Managing Director
Ignatius Asare	Director of Finance & Administration
Jayne Nyimbo-Taylor	Director of Human Resources
Ekwabi Majigo	Sales and Marketing Director (up to 22/5/2014)
Simon Delens	Sales and Marketing Director (starting 22/5/2014)
Tom Dijkstra	Plant Manager
Elieneza Amon	Internal Audit & Quality Assurance Manager (Retired on 23/10/2014)
Evaritha Tenson	Procurement Manager
Richard Magoda	Environmental Manager
Alfred Anthony	Health & Safety Manager
Rolf Weyss	Project Manager – CM5 Project (up to 22/12/2014)
John Peter	Business Development Manager – Twiga Aggregate

10. REVIEW OF THE BUSINESS

The Company recorded an increase in sales volume of 15% from 2013 to 2014. The turnover increased from TZS 213.8bn in 2013 to TZS 243.3bn in 2014, an increase of 13.8%. The increase in sales volume and turnover were as a result of better production efficiency, commissioning of a new cement mill in the last quarter, recruitment of new distributors and the re-introduction of Twiga Extra in the product mix. The aggregates business contributed TZS 132.1 mn to the total revenue. In 2013, the Company's operations were significantly affected by the transformer breakdown due to fire in May 2013.

The Company made a total operating profit of TZS 75.6bn compared to TZS 49.2bn in 2013, an increase of 54%. Profit before taxation increased from TZS 50.4bn in 2013 to TZS 79bn in 2014.

After the effect of income tax of TZS 24.5bn (2013: TZS 12.8bn), the net profit came to TZS 54.5bn (2013: TZS 37.6bn). Total comprehensive income amounted to TZS 53.6bn (2013: TZS 36.3bn).

The operating results are shown on page 33 of the financial statements.

11. FUTURE PROSPECTS OF THE COMPANY

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

Gas project

The company is exploring ways of ensuring reliable power supply to run its operations smoothly. Arrangements are underway with third party companies to build and operate under a Power Purchase Agreement (PPA) a gas plant at TPCC. Once completed, the Company will be assured of reliable supply of power to meet the operational demands. The current need of TPCC is rated at 32MW and the gas plant would then come as an extra source of energy to compensate the extra requirement and the current fluctuation in power supply. The final decision and structure of the project will be taken in 2015.



New limestone quarry

Late in 2014, TPCC signed a limestone purchase agreement to carry out quarrying activities in partnership with the Prisons Corporate Sole (PCS). Under this Public Private Partnership (PPP) arrangement, TPCC is assured of the high quality limestone to feed into the production process. Thus, the Company is assured of the materials availability to sustain and stabilise production for the future.

12. SOLVENCY EVALUATION

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

13. ENVIRONMENTAL CONTROL PROGRAMME

Quarry Rehabilitation

In line with the Company's Environmental Policy in which there is a commitment to re-naturalise the quarry, TPCC embarked on a three year public/private partnership with German Federal Enterprise for International Cooperation (GIZ) to rehabilitate parts of the quarry that have been previously mined. Approximately 12.5 hectares in the quarry were planted with trees by 31 December 2014. On the other hand at 31 December 2014, a total of 134,244 seedlings were already raised in the quarry (2013: 50,941).

The total number of trees planted in the quarry by the end of December 2014 was 35,181 with a survival rate of 85.40% (2013: 29,692 with survival rate of 88%). The total number of trees donated to various stakeholders by the end of December 2014 was 27,593 trees (2013: 19,596 trees).

This partnership also has a training component on the importance of conservation and rehabilitation for the surrounding communities in Dar es Salaam. Since the beginning of the project, TPCC has conducted sixteen official awareness raising and capacity building (training) events. In addition, TPCC has conducted some more environmental awareness and education events that happened in the TPCC quarry for visitors especially youth groups, students and pupils.

ISO 14001:2004 (Environmental Management System)

TPCC continues to maintain the ISO 14001 certification. The Company continues to strive to improve its Environmental Management Systems by keeping abreast with Environmental trends, and implementing its objective and targets.

Emissions Monitoring

Emissions monitoring is planned to take place in March 2015, the last measurements were done in July 2014 covering all operating kilns. The results for dust and gases were in full compliance with the Tanzania National Standards and in line with IFC/World Bank standards for dust emissions.

All cement industries with old process lines containing Low Efficiency Electrostatic Filters (ESP's) in Tanzania were given up to December 2013 to ensure that full rehabilitation and upgrade takes place to minimise emissions. One of the old process lines (Kiln 2) has been stopped and the Company is in the process of rehabilitating it for production of calcined clay. The rehabilitation involves, among others, replacement of the old ESP's with modern and more efficient bag filters.

14. HEALTH AND SAFETY

At TPCC, occupational health and safety continues to be a top priority. Besides the continued improvement of technical and organizational safety standards within the Company, we intensified our efforts in 2014 to reinforce the awareness of all our employees, contractors and transport companies towards a safety culture.

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

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



TPCC team playing with children of **Mwandaliwa Orphanage Center** in Boko Area. This is part of the Company's CSR initiatives.



15. **MAJOR EVENTS**

- a. Construction of Cement Mill (CM5) which started in 2013 was completed and commissioned in October 2014. This project included the construction of cement mill, cement silo, clinker silo and off-spec clinker silo, packing plant, main substation and bags store.
- b. Twiga aggregates business started operations in the last quarter of 2014.
- c. Limestone Sales – Purchase agreement between TPCC and Prison Corporate Sole (PCS) for accessing limestone was signed in December 2014. This arrangement will guarantee TPCC access to limestone for cement production.
- d. After the Company in October 2006 won the case brought against 933 trespassers occupying the Company's land, the appeal process was concluded in 2010 in favour of the Company. The Company in collaboration with the Government is working towards the eviction of trespassers and repossessing the land. Necessary expansion of the quarry operation will take place after all the due processes are completed.

16. **EMPLOYEE WELFARE**

a. **Relationship between management and employees**

The relationship between employees and management for the year ended 31 December 2014 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. Negotiations for the new agreement for 2015 started in the last quarter of 2014 and are expected to be finalised in the first quarter of 2015.

b. **Staff strength and gender parity**

As at 31st December 2014, the Company had 318 employees, out of which 34 were female and 284 were male (2013: Total 341; female 36 and male 305).

c. **Medical facilities**

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

d. **Industrial safety**

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

e. **Training**

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

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

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

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

f. Emoluments

Salary levels are adjusted annually within the Company's means after negotiations between TUICO and management. The 2014 salary increments were agreed in December 2013 (the 2013 increment was agreed in December 2012). During the year under review, all employees under contract had income levels of TZS 7.2mn per annum or more.

g. Employee benefits

Some employees are members of Parastatal Pension Fund (PPF) and others are members of National Social Security Fund (NSSF). The Company contributes 15% of basic salary of each employee to PPF and 10% of basic 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.

h. Equal opportunities & Disabled persons

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

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

17. CORPORATE GOVERNANCE

a. Code of Corporate Practice and Conduct

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

b. The Board of Directors

The Board currently comprises six directors; five Non-Executive Directors and the Managing Director. The roles of Chairman and Managing Director are separate. The Board is responsible to shareholders for the overall management of the Company, for setting strategy and policies, monitoring of operational performance, risk

management processes and setting of authority levels. The Board met 3 times in 2014 (2013: 3 times).

c. The Audit Committee

The Board is assisted in the discharge of its responsibilities related to financial reporting, compliance, risk management, accounting and information systems management by the Audit Committee. The Audit Committee is chaired by one of the Non-Executive Directors. Meetings are held throughout the year and are attended by senior management and the Company's auditors where necessary. The Audit Committee met 3 times in 2014 (2013: 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 Group business code of conducts and anti-corruption guidelines. Hence every employee has signed a declaration to comply with these rules.

g. Management reporting, financial reporting and auditing

The Company has established management reporting procedures which include the preparation of annual strategic plans and budgets. Actual results are reported monthly against approved budgets and



forecasts, and compared to the prior year. Financial reporting is done according to International Financial Reporting Standards (IFRS) and published twice yearly in accordance with the requirements of the Dar es Salaam Stock Exchange. The accounts for each financial year are audited by the Company's external auditors.

18. RISKS MANAGEMENT

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

This will ensure that:

- 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 2014 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 invest in the alternative sources of energy.

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

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

Market risk

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

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

Financial risks

The significant financial risk is currency risk. The Company's functional currency (TZS) is exposed to fluctuation in 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 38 to the financial statements.

19. **KEY STRENGTHS AND RESOURCES**

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

Competent Management and Personnel

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

Strong Brand and Quality Products

Twiga Cement is a well-known cement brand in the market and synonymous with high quality. The brand and quality of our products give us competitive advantage in the market. To meet the quality demand of the market, the Company produces three 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 and Twiga Extra. Further, the Company has introduced Twiga Aggregates product for the construction of buildings and roads.

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 TPCC as the market leader. Our market leadership is reinforced by our close proximity to the main Dar es Salaam market.

Technical Support

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

Technology and Machinery

The Company will continue to invest in modern technology; this includes the recent expansion on cement mills production capacity, Laboratory and Maintenance Control Center (MCC).

High Quality Limestone Reserves

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

20. **POLITICAL AND CHARITABLE DONATIONS**

During the year under review, the Company made donations and other contributions of a charitable nature valued at about TZS 130mn (2013: TZS 53mn). 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 262mn (2013: TZS 301mn).

21. **DIVIDENDS**

The Directors recommend payment of TZS 48.04bn (TZS 267 per share) to shareholders as final dividend for 2014. The proposed dividend includes an interim dividend of TZS 12.59bn (TZS 70 per share) paid in October 2014. The final dividend for 2013 was TZS 35.09bn (TZS 195 per share). In making this proposal the Directors have taken into account the financial situation of the Company and its future needs for implementing replacement and improvement projects. The recommended dividend for 2014 is an increase of 36.9% compared to the previous year's amount. Total dividend represents 88.2% of the net profit after tax for the year.

22. **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.

23. **RELATED PARTY TRANSACTIONS**

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



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Safety is Our Priority

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

24. SHARE CAPITAL

The total issued share capital of the Company amounts to 179,923,100 ordinary shares (2013: 179,923,100 ordinary shares). There is no change in the issued share capital.

The shareholding of the Company is as stated below:

Name	2014 %	2013 %
Scancem International DA	69.25	69.25
General Public	30.45	29.99
Wazo Hill Saving and Credit Cooperative Society	0.30	0.76
	100.00	100.00

25. ACCOUNTING POLICIES

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

26. SHAREHOLDERS OF THE COMPANY

The total number of shareholders during the year 2014 was 9,501 shareholders (2013: 9,482 shareholders). The following were the ten largest shareholders of the Company:

Name	Nationality	2014 %	2013 %
Scancem International DA	Norwegian	69.25	69.25
Parastatal Pension Fund	Tanzanian	5.42	5.42
Public Service Pension Fund	Tanzanian	2.69	2.69
SCBT nominees SCB Consumer Banking	Tanzanian	2.02	2.02
Aunali F. Rajabali	Tanzanian	1.35	1.35

Name	Nationality	2014 %	2013 %
National Social Security Fund	Tanzanian	1.24	1.24
Sajjad F. Rajabali	Tanzanian	1.22	1.22
Murtaza Basheer Nasser	Tanzanian	0.89	0.89
Umoja Unit Trust Scheme	Tanzanian	0.76	0.76
Wazo Hill Saving and Credit Cooperative Society	Tanzanian	0.30	0.76

27. STOCK EXCHANGE INFORMATION

On 29 September 2006, the Company went public and its shares started to trade at the Dar es Salaam Stock Exchange. During the year shares of the Company were continuously traded in the secondary market through auctions organised by Dar es Salaam Stock Exchange (DSE). In the year 2014 the performance of the Company's shares in the secondary market was as follows: Market capitalisation as at 31 December 2014 was TZS 719.69bn (2013: TZS 478.6bn). The share price prevailing as at 31 December 2014 was TZS 4,000 per share, up from TZS 2,660 one year earlier (IPO price was TZS 435 per share).

28. AUDITORS

Ernst & Young were the Company's auditors for the year 2014. 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 2015 will be put to the Annual General Meeting.

By order of the Board

Name: **Alfonso Rodriguez**
Title: **Director**

Name: **George Fumbuka**
Title: **Director**

Date: **17 March 2015**



Taarifa ya Wakurugenzi

Wakurugenzi wanayo furaha kuwasilisha taarifa yao pamoja na hesabu zilizokaguliwa kwa mwaka ulioishia 31 Desemba 2014.

1. **SHUGHULI KUU**

Shughuli kuu za kampuni ni uzalishaji na uuzaji wa saruji na kokoto.

2. **MAONO YA KAMPUNI**

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

3. **MWONGOZO WA KAMPUNI**

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

4. **SERA YA UBORA**

Tunaridhika kwa kuwaridhisha wateja wetu. Kampuni ya Saruji Tanzania (TPCC) inaridhisha wateja wake kwa kuwapa bidhaa wanayohitaji na kwa gharama nafuu. Tunajitahidi kufikia matarajio ya wateja wetu kwa kuhakikisha ubora wa bidhaa na huduma zetu unaboresha mara kwa mara. Ni azma ya kila mfanyakazi kuifanya TPCC na chapa "Twiga Cement" jina maarufu kwa saruji bora. Fursa hii inaturuhusu kufikia uongozi katika soko.

5. **WAKURUGENZI**

Wajumbe wa Bodi ya Wakurugenzi kwa wakati huu ambao pia wamekuwa wajumbe katika kipindi chote cha mwaka 2014 isipokuwa inapoonyeshwa vinginevyo ni hawa:

Jina	Cheo	Utaifa	Umri	Sifa
Bw. Jean-Marc Junon	Mwenyekiti	Mfaransa	58	BSc (Civil Eng)
Bw. Gary Whitehead	Mkurugenzi	Mwingereza	45	FCCA
Bw. Alfonso Rodriguez	Mkurugenzi	Mhispania	45	MBA
Bw. George Fumbuka	Mkurugenzi	Mtanzania	61	MBA, FCCA
Bw. Daniel Gauthier	Mkurugenzi	Mbeligiji	57	BSc (Mining), MBA (Arne- Jørg Selen – Alternate to Daniel Gauthier)
Bw. Joseph Rugumyamheto	Mkurugenzi	Mtanzania	68	BA (Econs & Mgt), MA

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

6. **KAMATI ZA BODI**

KAMATI YA UKAGUZI

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

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



7. **WAKURUGENZI WANAHISA**

	Idadi ya Hisa	
	2014	2013
Bw. Joseph Rugumyamheto	51,000	55,600

8. **MALIPO KWA WAKURUGENZI**

Kampuni ililipa jumla ya TZS 74,982,000 (2013: TZS 73,636,000) kwa huduma zilizotolewa na Wakurugenzi na wajumbe wa Kamati ya Ukaguzi.

9. **UONGOZI WA KAMPUNI**

Safu ya Uongozi wa Kampuni kwa mwaka ulioishia 31 Desemba 2014 ilikuwa kama ifuatavyo:

Jina	Cheo
Alfonso Rodriguez	Mkurugenzi Mtendaji
Ignatius Asare	Mkurugenzi Fedha na Utawala
Jayne Nyimbo-Taylor	Mkurugenzi Rasilimali Watu
Ekwabi Majigo	Mkurugenzi Mauzo na Masoko (hadi tarehe 22 Mei 2014)
Simon Delens	Mkurugenzi Mauzo na Masoko (kuanzia tarehe 22 Mei 2014)
Tom Dijkstra	Meneja Mitambo
Elieneza Amon	Meneja Ukaguzi na Ubora (hadi tarehe 23 Oktoba 2014)
Evaritha Tenson	Meneja Manunuzi
Richard Magoda	Meneja Mazingira
Alfred Anthony	Meneja Afya na Usalama
Rolf Weyss	Meneja Mradi CM5 (hadi 22 Desemba 2014)
John Peter	Meneja Maboresho ya Biashara - Kokoto

10. **TATHMINI YA BIASHARA**

Usambazaji wa saruji kwa mwaka 2014 ulipanda kwa asilimia kumi na tano (15%) ikilinganishwa na mwaka 2013. Mauzo yaliongezeka kwa asilimia kumi na tatu nukta nane (13.8%) kufikia TZS 243.3 bilioni (2013: TZS 213.8 bilioni). Kuongezeka kwa usambazaji na mauzo ya saruji kulichangiwa na

ufanisi mkubwa katika uzalishaji, kufunguliwa kwa kinu kipya cha kusaga saruji katika robo ya mwisho ya mwaka, ongezeko la wasambazaji wa saruji na kurudishwa katika soko kwa bidhaa ya Twiga Extra. Biashara ya kokoto ilichangia kiasi cha TZS 132.1 milioni katika jumla kuu ya mauzo. Mwaka 2013, uzalishaji wa saruji uliathiriwa kwa kiasi kikubwa kutokana na kuharibika kwa transifoma iliyoshika moto mnamo mwezi Mei 2013.

Kampuni ilipata faida ya undeshaji ya TZS 75.6 bilioni ikilinganishwa na TZS 49.2 bilioni mwaka 2013 ikiwa ni ongezeko la asilimia hamsini na nne (54%). Faida kabla ya kodi iliongezeka kutoka TZS 50.4 bilioni mwaka 2013 hadi kufikia TZS 79 bilioni mwaka 2014.

Baada ya kukokotoa kodi kiasi cha TZS 24.5 bilion (2013: TZS 12.8 bilioni) faida iliyobaki ilikuwa TZS 54.5 bilioni (2013: 37.6 bilioni). Jumla kuu ya mapato ilifikia TZS 53.6 bilioni (2013: TZS 36.3 bilioni).

Hali halisi ya mwenendo wa kibiashara unaoneshwa katika ukurasa wa 33 wa Ripoti ya mwaka.

11. **MATARAJIO YA KAMPUNI KWA SIKU ZIJAZO**

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

Mradi wa 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 wa kuzalisha nishati ya umeme kiwandani (TPCC) chini ya makubaliano ya Ununuzi wa Nishati (PPA). Mradi utakapokamilika Kampuni itakuwa na uhakika wa nishati ya umeme, kuweza kukidhi mahitaji ya uzalishaji. Mahitaji ya sasa yanakadiriwa kufikia 32MW, hivyo mradi wa gesi utawezesha kukidhi mahitaji ya ziada ya nishati ya umeme na kutatua tatizo la mgao wa umeme. Maamuzi ya mwisho na muundo wa mradi utakamilika mwaka 2015.

Machimbo mapya ya mawe ya chokaa

Mwishoni wa mwaka 2014 TPCC ilisaini makubaliano ya kuendesha shughuli za uchimbaji mawe ya chokaa kwa kushirikiana na Jeshi la

Magereza Tanzania (Prisons Corporate Sole – PCS). Katika ushirikiano huu (Public Private Partnership - PPP), Kampuni ina uhakika wa kupata mawe ya chokaa yenye ubora wa hali ya juu ili kukidhi mahitaji ya uzalishaji.

12. UWEZO WA KULIPA

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

13. MPANGO WA UDHIBITI WA MAZINGIRA

Uboreshaji wa Machimbo

Kulingana na Sera ya Mazingira ya Kampuni ambayo imedhamiria kurejesha uoto wa asili na kuboresha mandhari katika eneo la machimbo. Kampuni imeanza utekelezaji wa mradi wa ukarabati wa machimbo kwa mkataba wa ushirikiano wa miaka mitatu na Asasi ya Ujerumani (GIZ), kukarabati sehemu za machimbo zilizokwisha chimbwa mawe. Takribani ekari 12.5 zimepandwa miti hadi kufikia 31 Desemba 2014. Hadi tarehe 31 Desemba 2014 kitalu kilikuwa na miche 134,244 (2013: 50,941).

Mwaka 2014 miche 35,181 yenye uwezekano wa kuishi kwa 85.4% (2013: miche 29,692 yenye uwezekano wa kuishi kwa 88%) ilipandwa. Miche iliyosambazwa kwa wadau mbalimbali hadi kufikia mwishoni mwa Desemba 2014 ilikua 27,593 (2013: 19,596).

Ushirikiano huo pia una sehemu ya mafunzo ya uhifadhi wa mazingira na ukarabati wa machimbo ya mawe kwa jamii inayotuzunguka jijini Dar es Salaam. Tangu mradi huu uanze Kampuni imeendesha matukio 16 ya kuongeza uelewa wa mazingira. Pia, Kampuni imefanya semina kuelimisha na kuongeza uelewa katika masuala ya mazingira kwa makundi ya vijana na wanafunzi.

ISO 14001:2004 (Mfumo wa Udhhibiti Mazingira)

TPCC imeendelea kuzingatia masharti ya kiwango cha kimataifa cha ubora wa mazingira ISO 14001. Kampuni inaendelea kuboresha mfumo wake wa uhifadhi wa mazingira kwa kwenda sambamba na maendeleo ya uhifadhi mazingira na malengo iliyojiwekea.

Upimaji wa Uchafuzi wa Hewa

Upimaji wa kiwango cha uchafuzi unategemewa kufanyika mwezi Machi 2015 kwa matanuru yote yanayozalisha. Upimaji wa mwisho ulifanyika mwezi Julai 2014 kwa matanuru yote yanayozalisha. Matokeo yanaonyesha kwamba matanuru yote yaliyokuwa yanafanya kazi yanakidhi viwango vilivyowekwa kitaifa na pia vile vya IFC/Benki ya Dunia kwa uchafuzi wa hewa.

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

14. AFYA NA USALAMA

Kwa TPCC, afya na usalama vinaendelea kupewa kipaumbele. Pamoja na uboreshaji endelevu wa viwango vya usalama kwenye kampuni, tumeongeza nguvu zaidi mwaka 2014 kuimarisha uelewa kwa wafanyakazi wote, makandarasi na kampuni za usafirishaji juu ya kuwa na utamaduni wa usalama.

Kampuni inatekeleza mfumo wa kuratibu masuala ya afya na usalama mahali pa kazi (OHSMS) kama sehemu ya mkakati wa kudhibiti vihatarishi na ina cheti cha kiwango cha OHSAS 18001:2007. Mfumo wa utaratibu wa menejimenti ya kazi unaoendana na kiwango cha kimataifa cha OHSAS 18001:2007, unahitaji mpango madhubuti, sheria bora za kazi, majukumu na udhibiti ili kuhakikisha maboresho endelevu.

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

15. MATUKIO MUHIMU

- a. Ujenzi wa kinu kipya cha kusaga saruji (CM5) ulioanza mwaka 2013 ulikamilika na kukabidhiwa Oktoba 2014. Mradi huu umejumuisha ujenzi wa kinu cha kusaga saruji, ghala la saruji, maghala ya klinka , mtambo wa upakiaji na stoo ya mifuko.



- b. Biashara ya kokoto ilianza robo ya mwisho ya mwaka 2014.
- c. Makubaliano ya kuendesha shughuli za uchimbaji mawe ya chokaa kati ya TPCC na Jeshi la Magereza Tanzania (Prisons Corporate Sole – PCS), yalisainiwa mwezi Desemba 2014. Makubaliano haya yanahakikishia Kampuni upatikanaji wa mawe ya chokaa yenye ubora wa hali ya juu ili kukidhi mahitaji ya uzalishaji.
- d. Baada ya kampuni kushinda kesi dhidi ya wavamizi 933 wa eneo lake Mwezi Oktoba 2006, mchakato wa rufaa ulihitimishwa mwaka 2010 na Kampuni kupata ushindi. Hatua za kuwaondoa wavamizi hao na kurejesha maeneo waliyovamia zinaendelezwa na Kampuni ikishirikiana na Serikali. Uendelezaji muhimu wa shughuli za machimbo utafanyika mara baada ya kukamilisha michakato yote muhimu.

16. USTAWI WA WAFANYAKAZI

a. Uhusiano kati ya Uongozi na Wafanyakazi

Uhusiano kati ya wafanyakazi na uongozi uliendelea vizuri kwa mwaka ulioishia tarehe 31 Desemba 2014. Hapakuwa na malalamiko yoyote kutoka kwa wafanyakazi ambayo hayakutatuliwa mwaka huo. Uhusiano mzuri kati ya uongozi na chama cha wafanyakazi unaendelea. Uhusiano kati ya uongozi na wafanyakazi unasimamiwa na mkataba wa hiari baina ya Kampuni na Chama cha Wafanyakazi wa Viwanda na Biashara (TUICO). Majadiliano ya mkataba mpya kwa mwaka 2015 yalianza robo ya mwisho ya 2014 na kutegemea kukamilika robo ya kwanza ya 2015.

b. Idadi ya wafanyakazi na Uwiano wa kijinsia

Kufikia mwisho wa mwaka 2014, Kampuni ilikuwa na jumla ya wafanyakazi 318, wanawake 34 na wanaume 284 (2013: Jumla 341, wanawake 36 na wanaume 305).

c. Huduma ya Matibabu

Huduma za matibabu hutolewa bure kwa wafanyakazi na familia zao.

d. Usalama kiwandani

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

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 Kampuni ilielekeza nguvu zake katika afya na usalama mahali pa kazi, kufuata miongozo ya kampuni mama, usimamiaji wa fedha, usimamiaji wa ubora na kuendeleza viongozi.

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

Motisha na ujuzi wa mameneja wa Kampuni ni muhimu sana na inawezesha Kampuni kujipanga na kujiandaa kukabiliana na changamoto zijazo. Ili kuwawezesha mameneja kukabiliana na majukumu yao, tumeandaa mafunzo maalum kukidhi mahitaji ya Kampuni. Baadhi ya wafanyakazi wanashiriki katika mafunzo ya vipaji (Talent training) yaliyoandaliwa na Kampuni mama ili kuwaandaa wafanyakazi kuchukua majukumu zaidi. Kampuni mama kwa kushirikiana na Duke Corporate Education imeandaa mafunzo maalum kwa mameneja waandamizi ili kuwaongezea ujuzi wa kazi. Baadhi ya mameneja wa TPCC walijumuika katika kundi la mameneja 160 kutoka nchi 30 walioshiriki katika mtaala wa awamu tatu uliolenga utawala na uongozi. Wafanyakazi wengine wataendelea kushiriki katika haya mafunzo yatakayomalizika mwaka 2015.

f. Mishahara

Viwango vya mishahara ya wafanyakazi hurekebishwa kila mwaka kwa kuzingatia uwezo wa kifedha baada ya majadiliano kati ya TUICO na uongozi wa Kampuni. Viwango vya mishahara ya mwaka 2014 vilikubaliwa mwezi Desemba 2013 (viwango vya mishahara vya 2013 vilikubaliwa mwezi Desemba 2012). Katika mwaka husika, wafanyakazi wote wa mikataba walikuwa na mishahara isiyopungua TZS 7.2 milioni kwa mwaka.

g. Mafao ya Wafanyakazi

Baadhi ya wafanyakazi ni wanachama wa Mfuko wa Pensheni wa Mashirika ya Umma (PPF) wakati wengine ni wanachama wa Mfuko wa Hifadhi ya Jamii (NSSF). Kampuni huchangia 15% ya

mshahara kwa kila mwanachama wa PPF na 10% ya mshahara kwa wale wanachama wa NSSF. Pamoja na kuchangia kwenye mifuko miwili, upo mpango wa tatu wa pensheni kwa ajili ya kuboresha mafao ya uzeeni ya wafanyakazi wote ambao Kampuni huchangia 10% ya mshahara wa kila mfanyakazi.

h. Fursa Sawa na Watu Wenye Ulemavu

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

17. UTAWALA BORA

a. Kanuni za Utawala Bora

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

b. Bodi ya Wakurugenzi

Kwa sasa, Bodi ina wakurugenzi sita; watano wasio watendaji na Mkurugenzi Mtendaji. Kazi za Mwenyekiti na Mkurugenzi Mtendaji zimetenganishwa. Bodi inawajibika kwa wanahisa kwa uongozi wa jumla wa Kampuni, kuweka mikakati na sera, kufuatilia ufanisi wa uendeshaji, usimamizi wa maeneo hatarishi na kuweka ngazi za madaraka. Katika mwaka huu wa fedha, Bodi ilikutana mara tatu (2013: mara tatu).

c. Kamati ya Ukaguzi

Katika kutekeleza majukumu yake kuhusiana na kutoa taarifa za fedha, utekelezaji wa matakwa mbalimbali, udhibiti wa maeneo hatarishi, mifumo ya kijasibu na mfumo wa usimamizi wa habari (MIS), Bodi inasaidiwa na Kamati ya Ukaguzi. Kamati hiyo inaongozwa na mmoja wa wakurugenzi wasio watendaji. Mikutano ya kamati inafanyika mara kadhaa na inahudhuriwa na viongozi waandamizi na wakaguzi wa kujitegemea wa mahesabu wa Kampuni inapobidi. Katika mwaka huu wa fedha, Kamati ya Ukaguzi ilikutana mara tatu (2013: 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 Kampuni mama.

f. Maadili ya biashara na ukamilifu wa muundo

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

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

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

18. UDHIBITI WA MAENEO HATARISHI

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



Hii itahakikisha kuwa:

- Rasilimali za Kampuni zinasimamiwa na kulindwa;
- Sheria na kanuni zilizowekwa zinafuatwa;
- Ubora wa kumbukumbu na nyaraka za kihisabu;
- 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 2014 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 kuathiri Kampuni kufikia malengo yake ya uzalishaji. Kupanda kwa bei za nishati nako kunasababisha gharama za uzalishaji kuwa juu. Kutokana na athari hizo, Kampuni ina mpango wa kuwekeza katika nishati mbadala ili kuhakikisha kuwa kunakuwa na ugavi wa uhakika wa nishati ya umeme kukidhi mahitaji ya kiwanda.

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

Vifaa vya ujenzi hupitia mchakato thabiti wa viwango. Usambazaji bidhaa za viwango duni au ambazo hazikidhi matakwa ya wateja unaweza kuathiri mauzo ya Kampuni, sifa ya Kampuni, mahusiano na wateja na pia inaweza kusababisha fidia na mashtaka dhidi ya Kampuni. Kuepukana na athari

hizo, Kampuni inahakikisha kwamba inazalisha saruji inayofikia viwango vinavyokubalika kupitia maabara zake na hatimaye kuthibitishwa na Mamlaka ya Viwango Tanzania (TBS).

Maeneo hatarishi katika soko

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

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

Maeneo hatarishi katika masuala ya fedha

Athari kubwa kwa upande wa fedha zinaweza kuletwa na thamani ya sarafu. Kampuni hufanya biashara kutumia sarafu ya Tanzania ambayo thamani yake imekuwa ikishuka thamani dhidi ya sarafu kuu za kimataifa. Hii inaweza kusababisha Kampuni kupata hasara itokanayo na ubadilishaji wa fedha za kigeni. Uongozi wa Kampuni hufuatilia kwa umakini thamani ya sarafu ya Tanzania na kuchukua maamuzi sahihi pale inapohitajika ili kupunguza athari zitokanazo na ubadilishaji wa fedha. Rejea aya ya 38 ya taarifa ya fedha.

19. UWEZO NA RASILIMALI ZA KAMPUNI

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

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 za aina tatu (3),

nazo ni OPC 42.5N (maalum kwa ajili ya ujenzi wa madaraja na maghorofa), Twiga Plus na Twiga Extra. Pia Kampuni imeingiza sokoni kokoto za Twiga kwa ajili ya ujenzi wa barabara na majengo.

Mtandao imara wa usambazaji

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

Nafasi katika soko

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

Msaada wa kiufundi

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

Teknolojia na mitambo

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

Akiba ya mawe ya chokaa bora

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

20. MISAADA

Mwaka huu, Kampuni ilitoa misaada na michango ya hisani yenye thamani ya TZS 130 milioni (2013: TZS 53 milioni). Hapakuwa na misaada ya kisiasa.

Pamoja na misaada hiyo, Kampuni pia ilijihusisha na uraia mwema ikilenga maeneo ya wanawake, afya, elimu na watoto. Jumla ya TZS 262 milioni (2013: TZS 301 milioni) zilitumika.

21. GAWIO

Wakurugenzi wanapendekeza gawio la TZS 48.04 bilioni (TZS 267 kwa hisa) kwa wanahisa wake kama gawio la mwisho. Pendekezo la gawio hilo linahusisha gawio la awali la TZS 12.59 bilioni (TZS 70 kwa hisa) lililolipwa mwezi Oktoba 2014. Gawio la mwisho la mwaka 2013 lilikuwa TZS 35.09 (TZS 195 kwa hisa). Pendekezo hili limezingatia hali ya fedha ya Kampuni na mahitaji ya baadaye ya miradi ya uboreshaji. Kiwango kilichopendekezwa ni ongezeko la 36.9% kulinganisha na mwaka uliopita. Gawio la mwaka 2014 ni asilimia 88.2 ya faida baada ya kodi.

22. MATUKIO YA BAADAYE

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

23. SHUGHULI NA BIAHARA NA KAMPUNI ZENYE UHUSIANO

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

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

24. MTAJI WA HISA

Jumla ya mtaji wa hisa uliotolewa ni hisa za kawaida 179,923,100 (2013: hisa 179,923,100). Mtaji wa hisa haukubadilika.

Mgawanyo wa hisa za Kampuni mnamo 31 Desemba 2014 ni kama ifuatavyo:

Jina	2014 %	2013 %
Scancem International DA	69.25	69.25
General Public	30.45	29.99
Wazo Hill Saving and Credit Cooperative Society	0.30	0.76
	100.00	100.00



25. SERA ZA UHASIBU

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

26. WANAHISA WA KAMPUNI

Idadi ya wanahisa mwaka 2014 ilikuwa 9,501 (2013: wanahisa 9,482). Ifuatayo ni orodha ya wanahisa wakubwa kumi wa Kampuni:

Jina	Utaifa	2014 %	2013 %
Scancem International DA	Mnorwe	69.25	69.25
Parastatal Pension Fund	Mtanzania	5.42	5.42
Public Service Pension Fund	Mtanzania	2.69	2.69
SCBT nominees SCB Consumer Banking	Mtanzania	2.02	2.02
Aunali F. Rajabali	Mtanzania	1.35	1.35
National Social Security Fund	Mtanzania	1.24	1.24
Sajjad F. Rajabali	Mtanzania	1.22	1.22
Murtaza Basheer Nasser	Mtanzania	0.89	0.89
Umoja Unit Trust Scheme	Mtanzania	0.76	0.76
Wazo Hill Saving and Credit Cooperative Society	Mtanzania	0.30	0.76

27. TAARIFA YA SOKO LA MTAJI

Tarehe 29 Septemba 2006 Kampuni iliorodheshwa katika soko la mitaji na hisa zake kuanza kuuzwa kwenye Soko la Mitaji la Dar es Salaam. Mwaka huu hisa za Kampuni zilifanywa biashara wakati wote kwenye minada inayoratibiwa na Soko la Mitaji la Dar es Salaam (DSE). Mwaka 2014, mwenendo wa hisa zetu kwenye soko la mitaji ilikuwa hivi: Thamani ya Kampuni mnamo 31 Desemba 2014 ilikuwa TZS 719.69 bilioni (2013: TZS 478.6 bilioni). Bei ya hisa mnamo 31 Desemba 2014 ilikuwa TZS 4,000 kwa hisa, ikiwa imeongezeka kutoka TZS 2,660 mwaka mmoja uliopita (Bei katika soko la mwanzo ilikuwa TZS 435 kwa hisa).

28. WAKAGUZI

Wakaguzi wa Kampuni kwa mwaka 2014 walikuwa Ernst & Young. Wakaguzi wameeleza kuwa wako tayari kuendelea kuwa wakaguzi wetu na wanafaa kuteuliwa tena. Azimio la kuwapendekeza Ernst & Young kuwa wakaguzi wa Kampuni kwa mwaka 2015 litawasilishwa kwenye Mkutano Mkuu wa mwaka.

Imetolewa kwa amri ya Bodi:

Jina: **Alfonso Rodriguez**
Cheo: **Mkurugenzi**

Tarehe: 17 Machi 2015

Jina: **George Fumbuka**
Cheo: **Mkurugenzi**



Statement of Directors' Responsibilities

The Companies Act, 2002 requires the Directors to prepare financial statements for each financial period 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 Companies Act, 2002. The Directors are of the opinion that the financial statements present fairly, in all material respects, the state of financial affairs of the Company and of its profit.

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

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

Name: **Alfonso Rodriguez**

Title: **Director**

Date: **17 March 2015**

Name: **George Fumbuka**

Title: **Director**



Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Tanzania Portland Cement Company Limited which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 33 to 66.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tanzania Portland Cement Company Limited at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and Tanzanian Companies Act, 2002.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

Ernst & Young

Certified Public Accountants
Dar es Salaam

Signed by: Neema Kiure Mssusa (Partner)

15 April 2015



Statement of Comprehensive Income

for the year ended 31 December 2014

	Notes	2014 TZS '000	2013 TZS '000
Revenue	7	243,269,641	213,775,188
Cost of sales	9	(135,610,833)	(138,409,472)
Gross profit		107,658,808	75,365,716
Other operating income	8	5,671,419	11,269,524
Selling and marketing costs	10	(2,161,197)	(2,779,826)
Administrative costs	11	(20,462,351)	(20,337,077)
Depreciation and amortisation	17, 18 & 19	(14,232,568)	(13,110,694)
Other operating expenses	13	(830,680)	(1,251,064)
Operating profit		75,643,431	49,156,579
Finance income	14	842,124	766,866
Financial costs	15	(458,553)	(228,467)
Non-operating expenses	16(a)	-	(1,229,473)
Gain on foreign currency translation	16(b)	2,992,820	1,929,896
Profit before tax		79,019,822	50,395,401
Income tax expense	30	(24,541,586)	(12,755,372)
Profit for the year		54,478,236	37,640,029

Other comprehensive income

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

Re-measurement losses on defined benefit plan	27	(1,047,292)	(2,708,921)
Income tax effect	30	157,937	1,323,828

Other comprehensive income for the year, net of tax

(889,355) **(1,385,093)**

Total comprehensive income for the year, net of tax

53,588,881 **36,254,936**

Earnings per share

Basic and diluted earnings per share (TZS)	35	302.79	209.20
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Statement of Financial Position

as at 31 December 2014

	Notes	2014 TZS '000	2013 TZS '000
ASSETS			
Non-current assets			
Property, plant and equipment	17	188,709,062	176,390,452
Intangible asset	18	504,635	141,980
Leasehold land	19	1,201,896	1,229,542
		190,415,593	177,761,974
Current assets			
Inventories	20	58,332,930	52,372,241
Current income tax recoverable	30	419,772	208,964
Trade receivables	21	15,511,509	10,839,581
Other short-term operating receivables	22	11,602,354	10,019,374
Cash and bank balances	23	36,840,134	43,488,040
		122,706,699	116,928,200
TOTAL ASSETS		313,122,292	294,690,174

	Notes	2014 TZS '000	2013 TZS '000
EQUITY AND LIABILITIES			
Equity			
Issued capital	24	3,598,462	3,598,462
Retained earnings		226,113,067	220,203,808
		229,711,529	223,802,270
Non-current liabilities			
Interest-bearing loans	25	226,634	276,998
Employment benefit liabilities	27	5,127,199	5,479,930
Deferred income tax liability	30	29,691,312	24,810,815
Provisions	31	1,784,217	-
		36,829,362	30,567,743
Current liabilities			
Trade and other payables	26	43,572,038	37,731,328
Interest-bearing loans	25	64,004	66,523
Dividend payable		2,945,359	2,522,310
		46,581,401	40,320,161
TOTAL EQUITY AND LIABILITIES		313,122,292	294,690,174

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors passed on 17 March 2015 and were signed on its behalf by:

Name: **Alfonso Rodriguez** Title: **Director**

Name: **George Fumbuka** Title: **Director**



Statement of Changes in Equity

for the year ended 31 December 2014

	Issued share capital (Note 24) TZS '000	Retained earnings TZS '000	Total TZS '000
At 01 January 2014	3,598,462	220,203,808	223,802,270
Profit for the year	-	54,478,236	54,478,236
Other comprehensive income, net of tax	-	(889,355)	(889,355)
Total comprehensive income, net of tax	-	53,588,881	53,588,881
Dividends declared	-	(47,679,622)	(47,679,622)
At 31 December 2014	3,598,462	226,113,067	229,711,529
At 01 January 2013	3,598,462	208,238,491	211,836,953
Profits for the period	-	37,640,069	37,640,069
Other comprehensive income, net of tax	-	(1,385,133)	(1,385,133)
Total comprehensive income, net of tax	-	36,254,936	36,254,936
Dividends declared	-	(24,289,619)	(24,289,619)
At 31 December 2013	3,598,462	220,203,808	223,802,270



Statement of Cash Flows

for the year ended 31 December 2014

	Notes	2014 TZS '000	2013 TZS '000
Operating activities			
Profit before tax		79,019,822	50,395,441
<i>Adjustment to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation	17, 18 & 19	14,232,568	13,110,694
Interest expenses	15	458,553	228,467
Interest income	14	(842,124)	(766,866)
Net unrealised exchange gain	16	(1,425,202)	(630,105)
Net increase in provision for obsolete inventory	20(b)	5,758,817	1,621,625
Scrapped items		-	(1,002,753)
Write off of other receivables		417,385	-
Gain on disposal of property, plant and equipment		(34,747)	(42,381)
Cash flows before changes in working capital items		97,585,072	62,914,122
<i>Working capital adjustments:</i>			
Increase in inventories		(11,719,506)	(3,875,917)
(Increase)/decrease in trade receivables		(4,671,928)	1,509,825
Increase in other short-term operating receivables		(2,000,365)	(3,975,855)
Decrease in employment benefit liabilities less OCI changes		(113,690)	(183,061)
Increase in trade and other payables		7,624,927	9,453,017
		(10,880,562)	2,928,009

	Notes	2014 TZS '000	2013 TZS '000
<i>Cash flows after changes in working capital items</i>		86,704,510	65,842,131
Corporation tax paid	30	(19,713,960)	(16,463,622)
Interest received		842,124	766,866
Interest paid		(461,071)	(430,547)
Net cash inflows from operating activities		67,371,603	49,714,828
Investing activities			
Proceeds from disposal of plant and equipment		34,747	134,612
Payment for capital works-in-progress		(26,829,341)	(34,933,651)
Purchase of capital items in stock		-	(470,299)
Purchase of intangibles		(494,181)	(3,548)
Purchase of property, plant and equipment		(2,269,739)	(1,807,844)
Net cash flows used in investing activities		(29,558,514)	(37,080,730)
Financing activities			
Dividends paid		(45,835,833)	(24,289,619)
Interest-bearing loans repaid		(50,364)	(53,643)
Net cash flows used in financing activities		(45,886,197)	(24,343,262)
Net increase in cash and cash equivalents		(8,073,108)	(11,709,164)
Net foreign exchange difference		1,425,202	630,105
Cash and cash equivalents at 01 January		43,488,040	54,567,099
Cash and cash equivalent at 31 December	23	36,840,134	43,488,040



Notes to the Financial Statements

for the year ended 31 December 2014

1. CORPORATE INFORMATION

The financial statements of Tanzania Portland Cement Company Limited ('the Company') for the year ended 31 December 2014 were authorized for issue in accordance with a resolution of the Directors on 17 March 2015. The Company is a Limited Company incorporated and domiciled in Tanzania. The Company's shares are publicly traded. The registered office is located at Wazo Hill, Dar es Salaam.

The principal activities of the Company are disclosed in the Directors' Report. Information on its holding company is provided in Note 29.

2. BASIS OF PREPARATION

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

Statement of compliance

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

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. Changes from the following new or revised standards and interpretations, amendments to existing standards and interpretations and improvements to IFRSs that were effective for the current reporting period did not have any impact on the accounting policies, financial position or performance of the Company.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27):** These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10.

- **IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32:** These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting.
- **IFRIC Interpretation 21 Levies (IFRIC 21):** IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.
- **IAS 36 Disclosure requirements for the recoverable amount of impaired assets - Amendments to IAS 36:** Clarifies the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- **IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39:** These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

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

Revenue recognition

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

Sale of goods

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

Dividend distribution

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

Property, plant and equipment

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

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

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

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

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

Capital work-in - progress

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

Where there is a significant interval between the time at which cost is incurred in connection with the 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.



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.

Intangible assets

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. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

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

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

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the 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.

Financial assets

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

Loans and receivables

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

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

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.

Derecognition

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

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

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

Impairment of financial assets

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

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

Financial assets carried at amortised cost

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

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

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

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the



Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating income in the profit or loss.

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

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.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

De-recognition of financial liabilities

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

Offsetting of financial instruments

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

Operating lease - Company as a lessee

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

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

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 labor and a proportion of manufacturing overheads based on normal capacity but excluding borrowing costs.

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

Provisions

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

Pensions and other employment benefits

The Company operates defined contribution plans and defined benefit plans.

Pension obligations

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

Post-employment benefits

Under defined benefit plans, the Company provides certain post-retirement 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.

Pensions and other employment benefits (continued)***Post-employment benefits (continued)***

These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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 Group 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

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 other long term employee benefits is determined using the projected unit credit actuarial valuation method. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to profit or loss in the period in which they occur.

Taxes***Current tax***

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, 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. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

Value added tax

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

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added

tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of value added tax included.

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgments

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

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

Estimates and assumptions

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

Impairment losses on trade receivables

The Company reviews its trade receivables to assess impairment at the reporting date. In determining whether an impairment loss should be recorded in profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows in an individual trade receivable in that portfolio. This evidence may include observable

data indicating that there has been an adverse change in the payment status of the customer, or national or local economic conditions that correlate with defaults on repayment. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

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

Impairment of non-financial assets

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

Post-employment and long service defined benefit plans

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

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, estimates of the quarry rehabilitation provision are subject to significant judgment. Refer to Note 31 for more information on the quarry rehabilitation provision.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are described below. This description is of standards and interpretations issued, which the Company reasonably expects to be applicable at

a future date. The Company intends to adopt those standards when they become effective. The Company expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Company's financial position or performance in the period of initial application. In cases where it will have an impact, the Company is still assessing the possible impact.

The following standards and interpretations have been issued or revised but were not yet effective for financial year ended 31 December 2014:

IFRS 15: Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is 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.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 9: Financial instruments

IFRS 9, as issued in July 2014, reflects the completion of all the phases of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and financial liabilities, impairment as well as hedge accounting.

Classification and measurement of financial instruments

Financial Assets: Financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics.

Equity securities are measured at fair value through profit or loss unless the entity chooses, on initial recognition, to present fair value changes in other comprehensive income (OCI). This option is irrevocable and applies only to equity instruments, which are not held for trading. Unlike debt instruments, gains and losses in OCI are not recycled on sale and there is no impairment accounting.

Derivatives are also measured at fair value through profit or loss. In comparison to IAS 39, there is no bifurcation of embedded derivatives for financial assets recorded at amortised cost or FVOCI.



The derecognition principles in terms of IAS 39 remain the same in IFRS 9.

Financial Liabilities: For liabilities designated at fair value through profit and loss, the change in the fair value of the liability attributable to changes in credit risk is presented in OCI.

All other classification and measurement requirements in IAS 39 have been carried forward into IFRS 9.

Impairment of financial assets

The expected credit loss model applies to debt instruments recorded at amortised cost or at fair value through other comprehensive income (such as loans, debt securities and trade receivables), lease receivables and most loan commitments and financial guarantee contracts.

Entities are required to recognise either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

The measurement of expected credit losses would reflect a probability-weighted outcome, the time value of money and reasonable and supportable information.

Effective date and transition

The standard applies to annual periods beginning on or after 1 January 2018, although early application is permitted. Retrospective application is required, however, transition reliefs are provided (including no restatement of comparative period information). Entities will only be permitted to early apply a previous version of IFRS 9 if their date of initial application is before 1 February 2015. However, if an entity has early applied a previous version of IFRS 9 before 1 February 2015, the entity is permitted to continue to apply that version until IFRS 9 becomes mandatorily effective in 1 January 2018.

Moreover, it will be possible to apply early just the new accounting treatment of fair value gains and losses arising from own credit risk on liabilities designated at fair value through profit or loss without applying the other requirements of IFRS 9, until IFRS 9 becomes mandatorily effective.

The Company is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

Other standards issued but not yet effective which the Company does not expect to have an impact on the financial statements are listed below:

- IFRS 14: Regulatory Deferral Accounts (Effective 1 January 2016)
- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (Effective 1 January 2016)
- IAS 16 and IAS 41: Accounting for bearer plants (Effective 1 January 2016)
- IAS 19: Defined Benefit Plans: Employee Contributions (Effective 1 July 2014)
- IFRS 11: Accounting for the acquisition of interests in a Joint Operation (Effective 1 January 2016)
- IAS 27: Equity method in separate financial statements (Effective 1 January 2016)

Improvement project

Below is a summary of the improvements issued in December 2013 but which were not yet effective for the financial year ended 31 December 2014:

- IFRS 2 – Share-based Payment (Effective 1 July 2014)
- IFRS 3 – Business Combinations (Effective 1 July 2014)
- IFRS 8 – Operating Segments (Effective 1 July 2014)
- IAS 16 – Property, plant and equipment and IAS 38 Intangible Assets (Effective 1 July 2014)
- IAS 24 – Related Parties (Effective 1 July 2014)
- IAS 40 – Investment Property (Effective 1 July 2014)
- IAS 24 – Key management personnel (Effective 1 July 2014)
- IFRS 3 – Scope of Joint ventures (Effective 1 July 2014)
- IFRS 13 – Scope of Paragraph 52 (Effective 1 July 2014)
- IAS 1 – Presentation of financial statements - Disclosure initiative (Effective 1 January 2016)

Below is a summary of the improvements issued in December 2014 but which were not yet effective for the financial year ended 31 December 2014:

- IFRS 5 – Noncurrent assets held for sale and discontinued operations (Effective 1 January 2016)
- IFRS 7 – Financial instruments: Disclosures (Effective 1 January 2016)
- IAS 19 – Employee benefits (Effective 1 January 2016)
- IAS 34 – Interim financial reporting (Effective 1 January 2016)

	Notes	2014 TZS '000	2013 TZS '000
7 REVENUE			
Sales of goods:			
Cement		249,354,394	216,157,649
Twiga aggregate		132,105	-
Clinker		-	471,687
		<u>249,486,499</u>	<u>216,629,336</u>
Less: Freight outbound		<u>(6,216,858)</u>	<u>(2,854,148)</u>
		<u>243,269,641</u>	<u>213,775,188</u>
8 OTHER OPERATING INCOME			
Gain on disposal of property, plant and equipment		34,747	42,381
Rental income		105,134	103,875
Reversal of provisions		-	32,249
Insurance claims		5,053,090	10,735,054
Miscellaneous income		478,448	355,965
		<u>5,671,419</u>	<u>11,269,524</u>
9 COST OF SALES			
Distribution costs		3,784,200	3,340,860
Variable costs		95,917,038	107,006,942
Fixed production costs		29,326,096	26,440,045
Provision for obsolete and slow moving stock		6,583,499	1,621,625
		<u>135,610,833</u>	<u>138,409,472</u>
Fixed production costs includes:			
Staff costs		<u>7,497,898</u>	<u>7,645,981</u>

	Notes	2014 TZS '000	2013 TZS '000
10 SELLING AND MARKETING COSTS			
Staff costs	12	866,909	857,094
Marketing, advertising and sales costs		1,220,949	1,597,366
Debts written off		-	325,366
Increase in provision for impairment of receivables	(a)	73,339	-
		<u>2,161,197</u>	<u>2,779,826</u>
(a) Increase in provision for impairment			
On Trade receivables			
Charge during the year	21	<u>73,339</u>	<u>-</u>
11 ADMINISTRATIVE EXPENSES			
Staff costs	12	6,260,410	5,826,743
Consultancy costs		2,817,084	3,354,615
Technical assistance		3,837,732	5,007,452
Rent, rates and hiring costs		1,405,870	1,447,457
Other administrative expenses		5,723,869	4,700,810
Prepayments expensed	22	417,385	-
		<u>20,462,351</u>	<u>20,337,077</u>
Included in Other administrative expenses are:			
Audit fees		151,919	107,777
Consultancy fees		2,817,084	3,354,615
Rent, rates and hiring costs		1,405,870	1,447,457
Donations		130,348	53,390
Legal fees		204,263	338,290
Directors' remuneration		<u>67,151</u>	<u>63,027</u>



	Notes	2014 TZS '000	2013 TZS '000
12 STAFF COSTS			
<i>Staff costs under:</i>			
Cost of sales		7,497,898	7,645,981
Selling and marketing costs		866,909	857,094
Administrative expenses		6,260,410	5,826,743
		14,625,217	14,329,818
<i>Staff costs is made up of:</i>			
Salaries and wages		7,448,996	7,024,101
Social Security Contribution		1,455,462	1,468,799
Payroll tax (SDL)		729,083	1,164,039
Post-employment and long service costs	27	1,523,363	813,409
Other employment costs and employee benefits		3,468,313	3,859,470
		14,625,217	14,329,818
13 OTHER OPERATING EXPENSES			
Local government levies and taxes		752,741	921,348
Property taxes		77,939	329,716
		830,680	1,251,064

	Notes	2014 TZS '000	2013 TZS '000
14 FINANCE INCOME			
Interest income - Interest on short term bank deposits		842,124	766,866
		842,124	766,866
15 FINANCE COSTS			
Interest on long term interest-bearing loans		13,850	35,704
Interest on short-term borrowing		444,703	192,763
		458,553	228,467
16 NON OPERATING EXPENSES AND FOREX GAINS			
(a) NON OPERATING EXPENSES			
This relates to the settlement of the VAT expense discussed in Note 34.			
(b) GAIN ON FOREIGN CURRENCY TRANSLATION			
Exchange gain - realised		1,567,618	1,302,543
Exchange gain - unrealised		2,680,720	3,097,635
Exchange loss - realised		-	(2,752)
Exchange loss - unrealised		(1,255,518)	(2,467,530)
		2,992,820	1,929,896

17 PROPERTY, PLANT AND EQUIPMENT (PPE)

	Building and Roads TZS '000	Production machinery & equipment TZS '000	Other equipment TZS '000	Capital items in stock TZS '000	Capital work-in- progress (CWIP) TZS '000	Total TZS '000
Cost						
At 01 January 2013	42,378,946	150,549,421	11,827,460	1,860,557	3,893,890	210,510,274
Additions	395,860	411,943	1,000,041	470,299	34,933,651	37,211,794
Transfers	211,588	3,254,599	1,163,696	-	(4,629,883)	-
Expensed	-	-	-	(1,002,753)	-	(1,002,753)
Disposals	(181,712)	(434,119)	(147,900)	-	-	(763,731)
At 31 December 2013	42,804,682	153,781,844	13,843,297	1,328,103	34,197,658	245,955,584
At 01 January 2014	42,804,682	153,781,844	13,843,297	1,328,103	34,197,658	245,955,584
Additions	142,269	700,869	1,426,601	-	26,829,341	29,099,080
Transfers	2,605,364	47,834,193	87,648	-	(50,531,956)	(4,751)
Expensed on capitalisation of CWIP	-	-	-	-	(2,707,074)	(2,707,074)
Disposals	-	-	(151,124)	-	-	(151,124)
At 31 December 2014	45,552,315	202,316,906	15,206,422	1,328,103	7,787,969	272,191,715
Accumulated depreciation						
At 01 January 2013	6,342,675	44,629,887	6,291,688	-	-	57,264,250
Charge during the year	1,672,242	10,211,647	1,088,493	-	-	12,972,382
Disposals	(109,883)	(413,717)	(147,900)	-	-	(671,500)
At 31 December 2013	7,905,034	54,427,817	7,232,281	-	-	69,565,132
At 01 January 2014	7,905,034	54,427,817	7,232,281	-	-	69,565,132
Charge during the year	1,718,562	10,905,665	1,444,418	-	-	14,068,645
Disposals	-	-	(151,124)	-	-	(151,124)
At 31 December 2014	9,623,596	65,333,482	8,525,575	-	-	83,482,653
Net carrying amount						
At 31 December 2014	35,928,719	136,983,424	6,680,847	1,328,103	7,787,969	188,709,062
At 31 December 2013	34,899,648	99,354,027	6,611,016	1,328,103	34,197,658	176,390,452

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

	2014 TZS '000	2013 TZS '000
18 INTANGIBLE ASSET		
This consists of computer software, whose movement is as follows:		
Cost		
At 01 January	577,360	573,812
Transfers from capital work in progress	4,751	
Additions	494,181	3,548
At 31 December	1,076,292	577,360
Accumulated amortisation		
At 01 January	435,380	322,504
Charge during the year	136,277	112,876
At 31 December	571,657	435,380
Net carrying amount		
At 31 December	504,635	141,980
No intangible asset has been pledged as collateral for liabilities.		
19 LEASEHOLD LAND		
At 01 January	1,229,542	1,254,978
Additions	-	-
	1,229,542	1,254,978
Less: Amortisation for the year	(27,646)	(25,436)
At 31 December	1,201,896	1,229,542
Within one year	27,646	25,436
After one year	1,174,250	1,204,106
	1,201,896	1,229,542

The remaining lease period for leasehold land is 80 years.

	2014 TZS '000	2013 TZS '000
20 INVENTORIES		
Raw materials, additives, consumables and spare-parts	61,183,056	49,692,737
Work - in - progress	8,536,885	7,898,508
Finished goods and goods for resale		
- Cement	1,711,173	2,364,175
- Twiga Aggregate	243,812	-
Less: Provision for obsolete stock (a)	(13,341,996)	(7,583,179)
	58,332,930	52,372,241
(a) Movement in provision		
At 01 January	7,583,179	4,633,047
Increase in provision (b)	5,758,817	2,950,132
At 31 December	13,341,996	7,583,179
(b) Provision for obsolete and slow moving items		
Release of provision	(824,682)	-
Increase in provision for obsolete and slow moving items	6,583,499	2,950,132
	5,758,817	2,950,132
Value of inventories expensed during the year	37,318,361	42,842,141

During 2014, none of the Company's inventories balances were pledged as security for liabilities.

	2014 TZS '000	2013 TZS '000
21 TRADE RECEIVABLES		
Trade receivables	15,631,975	10,886,708
Provision for impairment of receivables		
At 01 January	(47,127)	(505,181)
Additional provision	(73,339)	-
Write off during the year	-	458,054
At 31 December	(120,466)	(47,127)
	15,511,509	10,839,581
As at year-end the ageing analysis of receivables was as follows:		
==> Neither past due nor impaired	11,104,581	7,985,236
==> Past due but not impaired		
31 - 90 days	3,790,908	1,930,916
91 - 180 days	552,752	828,588
181 - 360 days	63,268	94,841
==> Impaired	120,466	47,127
	15,631,975	10,886,708

Terms and conditions of the above trade receivables:

Trade receivables are non-interest bearing and are generally on 30 day terms.
As at 31 December 2014, trade receivables at initial value of TZS 120,466 (2013: TZS 47,127) were impaired and fully provided for and the movements in the provision for impairment of receivables is as shown above.

	2014 TZS '000	2013 TZS '000
22 OTHER SHORT-TERM OPERATING RECEIVABLES		
Prepaid expenses	3,757,336	5,541,601
Other short term receivables		
Staff loans and advances	168,119	91,235
Advances to suppliers	5,709,955	955,397
Other receivables	1,966,944	3,431,141
	7,845,018	4,477,773
Less:		
Provision for impairment	-	-
	11,602,354	10,019,374
Provision for impairment of other receivables		
At 01 January	-	(534,202)
Write off during the year	-	534,202
At 31 December	-	-
Prepayments expensed in full	(417,385)	-
As year-end, the ageing analysis of other short term receivables was as follows:		
==> Neither past due nor impaired	5,133,150	993
==> Past due but not impaired		
31 - 60 days	149,418	143,860
61 -180 days	750,297	2,174,273
180 - 360 days	1,812,153	2,158,647
	7,845,018	4,477,773

Terms and conditions of the above other receivables:

Other receivables are non-interest bearing and are generally on 30 day terms.



	2014 TZS '000	2013 TZS '000
23 CASH AND BANK BALANCES		
Cash at bank - local currency	23,474,820	19,670,203
Cash at bank - foreign currency	13,355,862	23,813,367
Cash at hand	9,452	4,470
	36,840,134	43,488,040

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 flows is made up of the above balances.

24 SHARE CAPITAL

AUTHORISED, ISSUED AND FULLY PAID UP

179,923,100 Ordinary Shares of TZS 20 each	3,598,462	3,598,462
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SHAREHOLDING

Shareholder:	Number of Shares	Number of Shares
Scancem International DA	124,598,500	124,598,500
General Public	53,835,094	53,835,094
Wazo Hill Savings and Credit Cooperative Society	1,489,506	1,489,506
	179,923,100	179,923,100

	2014 TZS '000	2013 TZS '000
25 INTEREST BEARING LOAN		
10% long-term treasury loan	276,998	327,363
Current principal portion - Due within one year	(50,364)	(50,365)
Long-term principal portion - Due after one year	226,634	276,998
Current principal portion	50,364	50,365
Interest payable	13,640	16,158
Total current portion	64,004	66,523
After one year but not more than five years	201,456	201,460
More than five years	25,178	75,538
Non-current portion	226,634	276,998

The loan of initially TZS 1,082,822,619 was extended by the Government of the United Republic of Tanzania to the Company Limited for the rehabilitation of the Company 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 2019. The loan is not secured.

26 TRADE AND OTHER PAYABLES

Trade payables - third parties	11,741,472	12,508,997
Trade payables - intercompany	29 (b) 12,531,171	9,623,031
Accruals	2,300,358	3,469,544
Short-term operating payables	15,622,736	10,496,334
Payables for payroll and related costs	1,376,301	1,633,422
	43,572,038	37,731,328

	2014 TZS '000	2013 TZS '000
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Terms and conditions of the above financial liabilities:

- 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 29.

27 EMPLOYMENT BENEFIT LIABILITIES

The Company contributes to a pension scheme administered by the Parastatal Pension Fund and a scheme administered by National Social Security Fund. In addition to that, the Company has an endowment scheme administered by 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:

Jubilee scheme	580,624	654,485
Parastatal Pension Fund (PPF)	467,767	474,986
National Social Security Fund (NSSF)	407,071	339,328
	1,455,462	1,468,799

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.

	2014 TZS '000	2013 TZS '000
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At the end of 2013 the voluntary agreement was re-negotiated for another two years. Modifications to the defined benefit plans resulted from both statutory (labour law) and negotiated changes. For the end-of-service benefit scheme the past service cost resulting from these modifications and long-service award scheme are now recognised in profit or loss when the plan amendments occur. The renegotiation process establishes changes in the terms of the schemes that may be considered, and if approved by the Company, implemented as agreed.

Plan provisions

- End of service benefits: An employee with a specified or unspecified period of employment shall, on reaching the normal retirement age of sixty years old, receive from the Company:

- an end of service benefits that consist of a monetary reward of TZS 1.5 million
- an indemnity of one month's salary per year of service.

- Long service award: Number of tons of cement awarded every five years starting from 10 years of service. The minimum number of tons awarded is 15 and the maximum is 115 tons for 10 and 46 years of service respectively.

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

Present value of unfunded obligations	5,127,199	5,479,930
Net liability recognised	5,127,199	5,479,930

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

Post-employment benefit	4,195,226	4,615,387
Other long-term benefits	931,973	864,543
	5,127,199	5,479,930

	2014 TZS '000	2013 TZS '000
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The amounts recognised in profit or loss and OCI are as follows:

Current service cost	467,104	178,342
Interest on obligation	744,160	635,067
Recognised past service cost	176,426	-
Actuarial losses on other long term benefits	135,673	-
Expense recognised in profit or loss	1,523,363	813,409

Actuarial losses on defined benefit plan:

Post-employment benefit	1,047,292	1,804,462
Other long-term benefits	-	904,459
Expense recognised in OCI	1,047,292	2,708,921

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

Post-employment benefits

Opening balance (end-of-service benefits)	4,615,387	4,898,581
Current service costs	426,255	165,971
Past service costs	152,104	-
Interest cost	621,983	587,872
Benefits payments	(2,667,795)	(2,841,499)
Actuarial losses	1,047,292	1,804,462
Closing balance (end-of-service benefits)	4,195,226	4,615,387

	2014 TZS '000	2013 TZS '000
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Other long-term benefits

Opening balance (long-service awards)	864,543	366,371
Current service costs	40,849	12,370
Past service costs	24,322	-
Interest cost	122,177	47,195
Benefits payments	(255,591)	(465,853)
Actuarial losses	135,673	904,459
- Change in provision for other long-term benefits	67,430	498,172
Closing balance (long-service awards)	931,973	864,543

Total amount of obligation	5,127,199	5,479,930
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Expected benefit payments

	Expected benefits payments		Expected contributions	
	2014 TZS '000	2013 TZS '000	2014 TZS '000	2013 TZS '000
In the following year	425,214	582,951	182,235	435,022
In current year +2	665,761	459,384	665,761	459,384
In current year +3	670,823	616,515	1,006,235	924,772
In current year +4	691,321	468,709	460,880	312,473
In current year +5	417,042	752,953	256,878	305,324
In current year + 6 and > (in aggregate)	2,257,038	2,599,419	2,929,971	1,732,946

	2014 TZS '000	2013 TZS '000
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**Principal actuarial assumptions at the re-
porting date:**

Discount rate at 31 December	16.75%	14.75%
Future annual salary increases	6%	6%
Cost inflation	5%	5%

Sensitivity analysis

The assumptions with the greatest impact on the results are:

Discount +1%	4,936,157	5,265,863
Discount -1%	(5,333,065)	(5,712,197)
Service plus interest cost discount +1%	(1,144,978)	(1,219,458)
Service plus interest cost discount -1%	(1,133,067)	(1,202,151)

The above are based on changes expected in one year. Inflation is expected to be stable.

Membership statistics – Active members

Headcount	311	329
Average age	42.9	43
Average future service	5.9	8
Average annual pensionable salary	19,210	17,937
The scheme has no retired or inactive members.		

	2014 TZS '000	2013 TZS '000
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28 OTHER STATUTORY PAYROLL REMITTANCES

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

Skills and Development Levy	729,083	1,164,039
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The amount deducted from the employees' salaries and wages in the year in respect of PAYE is:

Pay As You Earn	3,990,020	4,277,463
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At year-end the following amounts were outstanding and were payable to TRA. The amounts are included in trade and other payables as at year end and were subsequently remitted after year-end.

Skills and Development Levy	97,478	98,360
Pay As You Earn	440,405	472,260

29 RELATED PARTY DISCLOSURES

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

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



	2014 TZS '000	2013 TZS '000
a) Related party transactions		
Purchase of goods:		
Raw materials	6,288,586	11,129,703
Spare parts and other consumables	9,788,228	12,839,235
Purchase of services:		
Management fees and services	3,274,003	5,453,221
Total amount traded	19,350,817	29,422,159
b) Related party balances – Trade payables		
- Scancem International DA	12,459,564	9,114,339
- HeidelbergCement AG	71,607	280,415
- HC Trading	-	228,277
	12,531,171	9,623,031
c) Related party transactions		
Sale of goods and services - Interlac	-	276,036
d) Other receivables		
- Scan Togo	5,310	162,294
- Cimenterie de Lukala	4,398	-
- CimBenin	1,865	-
- Interlac	-	20,754
	11,573	183,048

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. 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 2014, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2013: 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.

e) Key Management Personnel

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

	2014 TZS '000	2013 TZS '000
Short-term employee benefits (Salaries and allowances)	2,755,691	3,907,031
Post-employment benefits (defined contribution plans)	619,681	767,360
	3,375,372	4,674,391

No terminal or other term benefits were paid to key management personnel during the year (2013: 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.

	2014 TZS '000	2013 TZS '000
30 TAX		
i) Income tax expense		
Current income tax charge	19,503,152	16,083,465
Deferred income tax charge/(credit)	5,038,434	(3,328,093)
	24,541,586	12,755,372
ii) Reconciliation of tax expense to tax based on accounting profit:		
Accounting profit before taxation	79,019,822	50,395,401
Tax applicable rate of 30% (2013: 30%)	23,705,947	15,118,620
<i>Tax effect on non-taxable/non-deductible items</i>		
Disallowable expenses for tax purposes	835,639	336,953
Adjustments in respect of current income tax of previous years - recognition of past service costs	-	(2,700,201)
Income tax expense	24,541,586	12,755,372
iii) Deferred income tax		
Accelerated depreciation for tax purposes	117,440,235	97,469,625
Provisions for post-employment and other long term benefits	(187,981)	(2,770,969)
Provision for obsolete and slow moving items	(13,341,996)	(7,583,179)
Actuarial losses on employee benefits obligation	(4,939,217)	(4,412,761)
	98,971,041	82,702,716
Deferred income tax liability thereon at 30%	29,691,312	24,810,815
Less: Opening deferred tax liability	(24,810,815)	(29,462,736)
Deferred income tax charge	4,880,497	(4,651,921)
Deferred income tax charge/(credit) to profit	5,038,434	(3,328,093)
Deferred income tax credit to other comprehensive income	(157,937)	(1,323,828)
	4,880,497	(4,651,921)

	2014 TZS '000	2013 TZS '000
iv) Current income tax (recoverable)/ payable		
Tax payable brought forward	(208,964)	682,333
Tax charge for the year	19,503,152	16,083,465
Tax payments during the year	(19,713,960)	(16,463,622)
	(419,772)	302,176
Tax credit for unrecognised past service cost	-	(511,140)
Current income tax recoverable	(419,772)	(208,964)

31 PROVISIONS

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

At 1 January	-	-
Reclassification from trade and other payables*	1,199,167	-
Provision for the year	742,079	-
Provision used during the year	(157,029)	-
At 31 December	1,784,217	-

The key assumptions used in determining the provision are:

- The cost will be incurred in USD
- The estimated cost is USD 0.2 per ton of material mined from the quarry site.

*The provision for quarry restoration costs was disclosed in 'trade and other payables' for 2013. During the current year, the provision has been reclassified and presented as a separate line item in the statement of financial position.



32. EMPLOYEES

The number of employees at the end of the year was 318 (2013: 341).

33. DIVIDEND PER SHARE

Dividends relating to the profit for the year ended 31 December 2013 of TZS 195 per share (totalling TZS 35 billion) were paid as final dividend in June 2014.

34. COMMITMENTS AND CONTINGENCIES

Capital commitment

Substantial amount was spent in 2013 and 2014 for the construction of Cement Mill 5 which was commissioned 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. The lease has an average life of 78 years. At 31 December 2014, the Company had not prepaid any lease rental for the land. Rent is paid on annual basis.

	2014 TZS '000	2013 TZS '000
Rental expenses recognised during year	194,565	329,716
Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:		
Within one year	194,565	194,565
After one year but not more than five years	625,416	625,416
More than five years	3,048,043	3,048,043
	3,868,024	3,868,024

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 2014, the Company had not received any advances for rent. Rent is received on annual basis.

Rental income recognised during year	105,134	103,875
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	2014 TZS '000	2013 TZS '000
Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:		
Within one year	105,134	103,875
After one year but not more than five years	420,536	519,375
	525,670	623,250

35. COMMITMENTS AND CONTINGENCIES

Guarantees and other financial facilities

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

Guarantees and standby letters of credit	13,507,295	8,130,000
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Legal claims

Contingent liabilities relate to several court cases on land trespassing, alleged unfair termination of employment contracts and breach of business contracts all amounting to TZS 1.08 billion (2013: TZS 5.0 billion).

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

Tax assessment

The Company received in December 2007 an adjusted tax assessment for 2004 amounting to TZS 122.4 million. The Company filed an objection against this assessment in early 2008. The Tanzania Revenue Authority (TRA) has also carried out a tax audit of the years 2005 and 2006. TRA issued its external audit report on 18 December 2008. TRA and the Company are in agreement on all major issues raised in the report with one notable exception; the allegation that transactions between the Company and its related party, Scancem International DA, have not been carried out at arm's length. In mid-March 2009, TRA issued assessments amounting to a total of TZS 9.0 billion (transfer pricing of TZS 6.7bn; VAT of TZS 2.3bn). The Company filed objections to these assessments in April 2009 after

having deposited the required 1/3 of the disputed assessments. In 2012 the TRA revised its assessment on transfer pricing to TZS 0.5bn and VAT to TZS 1.2bn. In 2013 the Company agreed to pay the VAT liability of TZS 1.2bn, this amount was recognised as an expense during the year. The Company has filed objections to the revised assessment on transfer pricing. The objection is still pending with TRA. The disputed tax assessments (including the deposits) are not reflected in the net results for 2008 to 2014. Only the 1/3 deposit made in line with the law is reflected in the statement of financial position and classified as a short-term receivable.

36. EARNINGS PER SHARE

	2014 TZS '000	2013 TZS '000
Profit attributable to ordinary equity holders	54,478,236,000	37,640,069,000
Weighted average number of ordinary shares	179,923,100	179,923,100
Basic and diluted earnings per share (TZS)	302.79	209.20

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

37. SEGMENT REPORTING

The Company's main product currently is cement which is produced in two grades. The majority of revenue is therefore derived from sale of cement (as disclosed in note 7) and the Board of Directors relies primarily on revenue from sale of cement to assess the performance. The Company started the aggregate business in the last quarter of 2014 but only less than 1% of the operating results were from this business for this reporting period.

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

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

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

38. EVENTS AFTER THE REPORTING DATE

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

39. FINANCIAL RISK MANAGEMENT

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

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

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

c. Foreign currency risk

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

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

	Increase/ decrease in the value of TZS vs. USD	Effect on profit before tax TZS'000	Effect on equity TZS'000
Net effect based on the year end as at 31 December 2014	+10%	-46,528	-32,569
	-10%	+46,528	+32,569
Net effect based on the year end as at 31 December 2013	+10%	+1,637,402	+1,146,181
	-10%	-1,637,402	-1,146,181

The sensitivity analysis has been determined based on the net exposure as at 31 December 2014. The change of 10% is what is used when determining the net foreign currency transaction risk reported internally to key management personnel to assess reasonably possible change in foreign exchange rates.

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

	Exposure in EURO	Exposure in USD	Total in function currency
At 31 December 2014			
Financial assets			
Trade and other receivables	-	290,103	290,103
Cash and cash equivalents	28,287	13,333,168	13,361,455
	<u>28,287</u>	<u>13,623,271</u>	<u>13,651,558</u>
Financial liabilities			
Trade and other payables	21,675	8,288,613	8,310,288
Net exposure	<u>6,612</u>	<u>5,334,658</u>	<u>5,341,270</u>
At 31 December 2013			
Financial assets			
Trade and other receivables	-	1,941,023	1,941,023
Cash and cash equivalent	42,225	23,775,612	23,817,837
	<u>42,225</u>	<u>25,716,635</u>	<u>25,758,860</u>
Financial liabilities			
Trade and other payables	280,415	9,342,616	9,623,031
Net exposure	<u>(238,190)</u>	<u>16,374,019</u>	<u>16,135,829</u>



Maintenance Engineers working on Monitor Control Centre to ensure availability and reliability of machines performance.



Exchange rates applicable were as follows:

	TZS:EURO	TZS:USD
On 1 January 2014	2,145	1,626
On 31 December 2014	2,141	1,770
On 1 January 2013	2,145	1,626
On 31 December 2013	2,235	1,626

d. Credit risk management

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

Maximum exposure to credit risk

	Notes	2014 TZS '000	2013 TZS '000
Trade receivables	21	15,511,509	10,839,581
Other short-term financial assets	22	7,845,018	4,477,773
Bank balances	23	36,830,682	43,483,570
		60,187,209	58,800,924

As at year-end, the credit risk arising from trade receivables is mitigated by bank guarantees issued by customers as presented in Note 34.

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 34.

Analysis of credit risk mitigation:

	Notes	2014 TZS '000	2013 TZS '000
Trade receivables	21	15,511,509	10,839,581
Bank guarantees	34	(13,507,295)	(8,130,000)
Unguaranteed trade receivables		2,004,214	2,709,518

e. 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.

	On demand	Less than 3 months	3 to 12 months	2 to 5 years	Over 5 years	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
At 31 December 2014						
Financial liabilities						
Interest-bearing loans	-	42,390	47,006	258,107	26,235	373,738
Trade and other payables	48,138	43,523,900	-	-	-	43,572,038
Dividend payable	2,945,359	-	-	-	-	2,945,359
	2,993,497	43,566,290	47,006	258,107	26,235	46,891,135
At 31 December 2013						
Financial liabilities						
Interest-bearing loans	-	47,006	51,203	283,289	76,600	458,098
Trade and other payables	47,005	37,684,323	-	-	-	37,731,328
Dividend payable	2,522,310	-	-	-	-	2,522,310
	2,569,315	37,731,329	51,203	283,289	76,600	40,711,736

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.



f. Fair value measurements

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

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

g. 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 at 35%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 2013.

		2014	2013
	Notes	TZS '000	TZS '000
Financial liabilities less cash and cash equivalents			
Interest bearing loans	25	290,638	343,521
Trade and other payables	26	43,572,038	37,731,328
Cash and cash equivalents	23	(36,840,134)	(43,488,040)
Net debt		7,022,542	(5,413,191)
Equity		229,711,529	223,802,270
Capital and net debt		236,734,071	218,389,079
Gearing ratio		3%	-2%



This is part of a rehabilitated quarry as a result of our continued effort to protect the environment.



Preventive Maintenance staff performing condition monitoring on kiln cooler fan.

PROXY FORM

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

I/ We.....

of (Address) a shareholder/ shareholders of

Tanzania Portland Cement Company Ltd, hereby appoint (note1)

.....

of (Address)

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

Serena Hotel
Dar es Salaam

Marquee Conference Hall

Date: 21 April 2015

at 09:30am to 12:00 noon

and at any adjournment thereof

Signature (note 1&2) Dated

Notes:

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

Form to be returned to:

The Secretary

CRDB Bank Plc.

Office Accommodation Scheme – Azikiwe Street, 4th Floor

P.O. Box 268 Dar-es-salaam

Tel. No. 022 – 2114237, 2117442 – Fax No. 022 -2131005

Email: jbrugambo@crdbbank.com or shareholders@crdbbank.com



FOMU YA MWAKILISHI

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

Mimi/ Sisi.....

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

wa Kampuni ya Tanzania Portland Cement Company Ltd, Namchagua

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.

Serena Hotel

Dar es Salaam

Ukumbi wa Marquee

Tarehe: 21 April 2015

Saa 9:30 asubuhi - 12:00 mchana

Kama shahidi saini yangu/ zetu leo

Sahihi.....Tarehe.....

Zingatia Yafuatayo:

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

Fomu irudishwe:

Katibu

CRDB Bank Plc.

Office Accommodation Scheme – Azikiwe Street, 4th Floor

S.L.P. 268 Dar-es-salaam

Simu Na. 022 – 2114237 / 2117442. Nukushi: 022 -2131005

Barua Pepe: jbrugambo@crdbbank.com au shareholders@crdbbank.com

