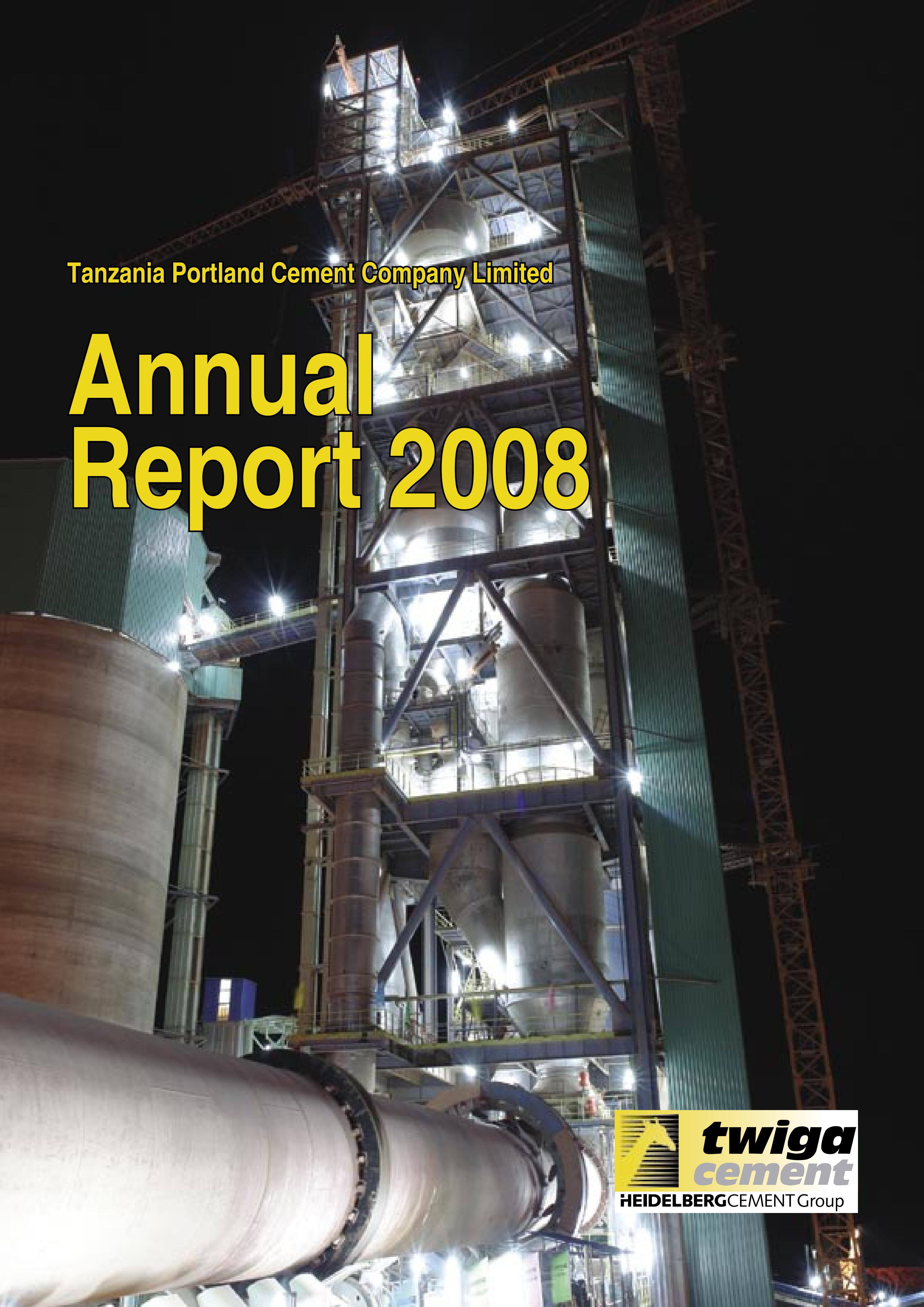
Tanzania Portland Cement Company Limited

Annual Report 2008



twiga cement

HEIDELBERGCEMENT Group

Financial highlights

Figures in TZS' 1000	2004	2005	2006	2007	2008
Number of employees (yearly average)	288	304	304	312	322
Revenue	55,157,190	69,038,626	80,203,239	119,764,889	148,709,578
Operating income before depreciations	12,948,082	23,579,136	31,019,963	48,560,995	56,066,716
Operating income	11,340,964	20,997,595	28,251,077	45,240,284	53,159,844
Profit/loss for the financial year	8,920,520	15,628,386	19,500,037	30,111,586	34,962,320
Earnings per share (TZS)	49.58	86.86	108.38	167.36	194.32
Dividend per share (TZS) [1)]	10.00	17.37	28.00	43.00	70.00
[1)] *For 2008 proposed dividend*					
Total investments in fixed assets	14,894,729	3,027,141	5,394,417	34,475,634	65,273,645
Depreciation and amortisation	-1,607,118	-2,581,541	-2,768,886	-2,906,872	-3,320,711
Non-current assets	26,529,187	27,018,688	29,416,448	60,200,945	122,152,602
Current assets	16,588,481	25,008,753	39,422,383	42,765,801	46,513,380
Equity	23,612,855	37,441,143	53,816,493	78,890,233	106,115,859
Non-current liabilities	6,016,637	8,266,189	8,291,583	7,234,509	11,165,759
Current liabilities	13,488,176	6,320,109	6,730,754	16,842,004	51,384,363
Balance sheet total	43,117,668	52,027,442	68,838,831	102,966,746	168,665,982
Memo items:					
- Average exchange rate TZS/USD	*1,089*	*1,130*	*1,253*	*1,245*	*1,193*
- Closing exchange rate TZS/USD	*1,043*	*1,166*	*1,262*	*1,132*	*1,280*

Evolution of the Tanzania Portland Cement Company share price in 2008

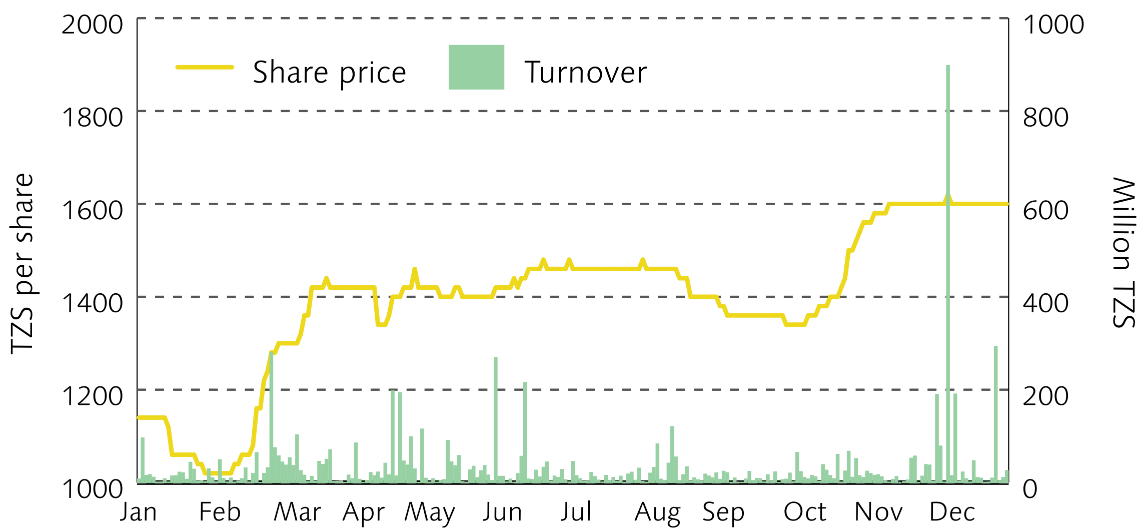


Table of contents

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 2008 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 70.00 compared to Tzs 43.00 per share last year.

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 unaoishia Desemba 31, 2008, kwa mujibu wa ibara ya 166 ya Sheria ya Kampuni ya mwaka, 2002.

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

Wakurugenzi wanapendekeza gawio la shilingi za Kitanzania 70.00 kwa hisa ikilinganishwa na shilingi 43.00 kwa hisa zilizotolewa mwaka jana.

Jean-Marc Junon

MWENYEKITI
Tanzania Portland Cement Company Limited

Chairman's review

The year 2008 has been a challenging and eventful year for Tanzania Portland Cement Company Ltd (TPCC). Overall, the year has been characterized by continued growth in demand, start of cement production from our new production line, and strong financial performance.

TPCC Operation
Cement production and sales reached another all time high in 2008; up about 4% compared to the year before. Demand for cement continued to grow throughout the East African region; although at a slower rate than in 2007. Like in 2007, the first part of 2008 saw regional capacity put under pressure by high demand. The supply situation in Tanzania eased in the 4th quarter of the year as TPCC's new cement grinding plant came on line, effectively doubling our capacity. TPCC continued to give full priority to the local market.

TPCC Financial performance
Turnover increased by 24% compared to 2007, while we saw an increase in operating profit of 18%. Net result after tax ended at 35 billion Tanzanian Shillings (TZS), 16% above the previous year's level.

For most of 2008 we experienced accelerating price increases on local and imported production inputs. This, coupled with the need for large volumes of imported clinker, combined to push up our cost of sales

TPCC Corporate Citizenship
The Company remains committed to the principles of good corporate governance and Citizenship. We recognize and accept our responsibility to work with our various stake holders, including the government, to foster sustainable economic growth, a safe work environment, provide adequate employee welfare, and deliver acceptable returns to our shareholders.

TPCC, and the Tanzanian cement industry as a whole, makes significant contributions to the Tanzanian economy through government taxes, employment, technology improvements, international business standards, community development programs, and by performing its core activity: making available cement for building the country.

TPCC Prospects
The world economy is in deep recession and we are facing a period of great uncertainty also for the East African economies. We expect the global downturn to impact negatively on local and regional demands for building materials, including cement.

The construction of TPCC's new production line, however, has put us in a unique position to weather more difficult market conditions as well as taking advantage of potential market opportunities. After successful start-up of cement mill and packing plant in 2008, we are now in the process of commissioning the new kiln, making TPCC independent of importing clinker.

TPCC Share value
The TPCC share price closed the year at 1,600 TZS, valuing the company at about 288 billion TZS. This is 40% up compared to 2007 closing price (1,140 TZS/share). The number of share holders at the end of 2008 was about 11,500.

TPCC Dividend
The Board proposes a dividend for 2008 of TZS 70 per share. This is an increase of 63% compared to the 2007 dividend (TZS 43 per share) and represents 36% of the net profit for the year.

Maelezo mafupi ya Mwenyekiti

Mwaka 2008 ulikuwa wenye changamoto nyingi na pia wenye mafanikio makubwa kwa Kampuni ya Saruji Tanzania (TPCC). Kwa ujumla, katika mwaka huu, tulishuhudia muendelezo wa ukuaji wa soko la saruji, kuanza kwa uzalishaji kutoka kwenye kiwanda kipya sanjari na mafanikio makubwa kifedha.

Hali ya Uzalishaji na Mauzo

Uzalishaji na mauzo ya saruji katika mwaka 2008 yalikuwa makubwa kuliko wakati wowote katika historia ya Kampuni ambapo kulikuwa na ongezeko la asilimia 4 ikilinganishwa na mwaka uliotangulia. Soko la saruji liliendelea kukua katika ukanda mzima wa Afrika Mashariki ingawa kasi ya ukuaji ilikuwa chini kidogo ukilinganisha na mwaka 2007. Katika nusu ya kwanza ya mwaka 2008, mahitaji ya saruji katika eneo lote la Afrika Mashariki yalikuwa makubwa kuliko uwezo wa uzalishaji, hali ambayo inafanana na ile iliyokuwepo mwaka 2007. Hata hivyo, hali ya upatikanaji wa saruji nchini Tanzania ilianza kuwa nafuu baada ya kinu kipya na.4 kuanza uzalishaji katika robo-mwaka ya mwisho ya 2008 na kufanya uwezo wa uzalishaji wa TPCC kuwa maradufu ikilinganishwa na uwezo wa awali. Kampuni iliendelea kutoa kipaumbele katika kutosheleza soko la ndani ya nchi.

Utendaji kifedha

Mauzo yaliongezeka kwa aslimia 24 ikilinganishwa na mauzo ya mwaka 2007 ingawa faida kabla ya gharama za kifedha na kodi iliongezeka kwa asilimia 18 tu. Faida baada ya kodi ya mapato ilifikia TZS.35 bilioni ikiwa ni juu kwa asilimia 16 ikilinganishwa na faida ya mwaka uliotangulia.

Bei za mahitaji yanayopatikana nchini na yale yanayoagizwa kutoka nje ziliongezeka kwa kasi kubwa katika mwaka huu. Pia, uzinduzi wa mtambo mpya kusaga na kupakia saruji uliongeza mahitaji ya malighafi (clinker) kutoka nje ya nchi na kusababisha ongezeko la gharama za uzalishaji.

Uraia Mwema

Kampuni inaamini katika kuendesha shughuli zake kwa misingi ya uwajibikaji, utawala bora na uraia mwema. Tunatambua na kukubali wajibu wa kutekekeleza majukumu yetu kwa kushirikiana na wadau mbalimbali ikiwemo Serikali, katika ukuaji endelevu wa uchumi wa nchi, kuweka mazingira mazuri na salama ya sehemu za kazi, kuboresha maslahi ya wafanyakazi na kuwapa kipato cha kuridhisha wamiliki (wenye-hisa) wa Kampuni TPCC na sekta nzima ya uzalishaji saruji hutoa mchango mkubwa kwenye uchumi wa nchi kwa kulipa kodi stahiki, kuleta ajira, kuboresha technolojia, kushiriki katika mipango mbalimbali ya maendeleo ya jamii na kufanya shughuli mama ya uzalishaji wa saruji inayohitajika katika shughuli za ujenzi nchini.

Matarajio

Kuparaganyika kwa mifumo ya uchumi duniani kumeuweka uchumi wa nchi za Afrika Mashariki katika wakati mgumu na mashaka makubwa pia. Tunadhani kwamba kushuka kwa hali ya uchumi duniani kutaathiri sekta nzima ya ujenzi hapa nchini na nchi jirani, yakiwemo mahitaji ya saruji.

Hata hivyo, ujenzi wa kiwanda kipya unaiweka TPCC katika hali nzuri kiushindani katika kukabiliana na hali ngumu soko inayotarajiwa kujitokeza. Baada ya kufanikiwa kuzindua kinu kipya na mtambo wa upakiaji mwishoni mwa mwaka 2008, Kampuni sasa iko kwenye mchakato wa uzinduzi wa tanuru jipya. Mafanikio ya uzinduzi huu yataiweka TPCC katika hali ya kutohitaji kuagiza malighafi (clinker) kutoka nje na hatimaye kuleta nafuu ya gharama za uzalishaji.

Thamani ya Hisa katika Soko

Bei ya hisa moja ya TPCC katika soko ilikuwa TZS 1,600 mwishoni mwa mwaka 2008 na hivyo kufanya thamani ya Kampuni kuwa TZS 288 bilioni. Thamani hii ni ongezeko la asilimia 40 juu ya thamani iliyokuwepo mwishoni mwa mwaka 2007 wakati bei ya hisa moja ilikuwa TZS. 1,140. Kampuni ilikuwa na wamiliki wa hisa kama 11,500 mwishoni mwa mwaka 2008.

Gawio

Bodi inapendekeza gawio la TZS 70 kwa hisa kwa mwaka 2008 ikilinganishwa na gawio la TZS 43 kwa hisa kwa mwaka 2007 ambalo ni ongezeko la asilia 63. pendekezo hili la gawio ni sawa na asilimia 36 ya faida yote ya mwaka baada ya kodi ya mapato.

Managing Director's report

Another very challenging and satisfying year is behind us. The demand for our products remained strong and our operation performed well. The on-going expansion project is nearing conclusion and I am particularly pleased that we were able to start production on the new cement grinding and packing plant in third quarter of 2008 thereby easing the difficult supply situation. The financial result for 2008 was the best ever in the Company's history. Despite a more difficult economic climate, I am convinced that TPCC will continue its positive developments and deliver value to our shareholders.

Sales

After unusually strong growth in 2007, and despite the world-wide economic slow-down that started in 2008, the domestic market for cement grew throughout 2008. Tight supply conditions in the early part of the year resulted in periodic shortages and some speculation in parts of the country. The situation eased in the second half of the year when TPCC's new production capacity came into production.

In 2008 we strengthened our level of service to the large contractors and other professional cement users by expanding our bulk handling capacity and increasing our number of mobile silos. We were also able to ensure increased and regular supplies up-country; our sales in the Lake and Dodoma regions grew strongly. Despite increasing cost of production inputs, TPCC has not increased its sales prices since March 2008.

Production

From a technical point of view, 2008 was a very challenging year. Full capacity utilization of the old production lines continued throughout the year. In order to ensure sufficient market coverage maintenance stops were kept to a minimum.

The production level was, however, periodically affected by the construction activities on the new production line. Interruptions in fuel and electricity supplies, as well as stops to allow CBMI to work on the interfaces with the existing factory, were unavoidable.

We have continued to import clinker as a supplement to our own in order to meet the cement demand. We expect that this import activity will cease now when the second part of our expansion project (the clinker production line) comes on line (see section about the expansion project).

Financial performance

Revenues increased by a healthy 24% in 2008 – although down from 49% previous year. Like in 2007, cost of sales grew faster than revenues due to cost of imported clinker, international freight and transport rates, accelerating domestic inflation and cost of energy.

From the ground breaking ceremony, 28 September 2007

Transport of the new cement mill from port to factory

Administrative costs were affected by increased number of staff and changes in the voluntary agreement with the union, while selling and marketing costs were effectively contained. Depreciation costs went up as a result of the completion of the first part of the expansion project.

TPCC has to a larger extent than planned financed the expansion project from own cash flow. Only 20 million USD of external finance had been used by the end of 2008 and no further utilization of the available credit line is planned. Interest costs related to the expansion project is capitalized in line with recent changes in international accounting standards.

Net profit for the year (after corporate income tax) ended on 35 billion TZS, an increase of 16% compared to 2007 and a result that I am very satisfied with.

Other issues

In order to meet the growth in both the market and in our production capacity we increased our work force by a net of 33 colleagues in 2008. Since the new production line in technical terms is state of the art, we have had a strong focus on training; both in-house and we sent employees (16) to other cement companies within the HeidelbergCement Group. The training will continue also this year, however most of it in-house.

In TPCC we remain generally optimistic about our long term prospects. The international financial crisis and the slowing world economy are, however, causes for concern. We do not expect Tanzania to remain untouched by these international developments and we foresee that the market for building materials in Tanzania and the wider region will slow in the second half of 2009 and into 2010.

The extraordinary lengthy legal process against the 933 trespassers occupying the Company's land has not reached a conclusion in 2008. After TPCC won the case in October 2006 after a five year legal battle, the appeal process now seems to take an equal amount of time.

Conclusion

As a summary, 2008 was yet another very good year for TPCC. With new and increased production capacity and with a highly committed and well trained staff combined with a growing demand for our cement we are confident that the very impressive financial performance will continue in the years to come.

The 5-stage pre-calciner tower under construction

View of the pre-calciner tower under construction

Ripoti ya Mkurugenzi Mtendaji

Mwaka mwingine wenye changamoto nyingi na wenye mafanikio ya kuridhisha umepita. Mahitaji ya bidhaa zetu yaliendelea kuwa makubwa na uzalishaji ulikuwa mzuri pia. Mradi wa upanuzi unaoendelea unakaribia kukamilika na ninafurahi kwamba tuliweza kuanza kutumia kinu kipya cha kusaga saruji na mtambo mpya wa kupakia saruji katika robo ya tatu ya mwaka 2008 na hivyo kuleta ahueni katika hali ngumu ya ugavi wa saruji iliyokuwa inatukabili. Mapato ya mwaka 2008 yalikuwa makubbwa katika historia ya Kampuni. Ingawaje hali ya uchumi ni ngumu zaidi, ninaamini TPCC itaendelea kuboreka na kuweza kuongeza thamani kwa wanahisa wetu.

Mauzo

Baada ya ongezeko la kasi mwaka 2007, na licha ya kudorora kwa uchumi duniani kulikoanza 2008, soko la ndani la saruji liliongezeka kwa mwaka mzima wa 2008. hali ngumu ya ugavi wa saruji mwanzoni mwa mwaka ilisababisha uhaba wa mara kwa mara ambao ulipelekea ulanguzi katika maeneo mbalimbali nchini. Ahueni ilipatikana katika nusu mwaka ya pili baada ya sehemu ya mitambo mipya kuanza uzalishaji.

Mwaka 2008 tuliimarisha huduma zetu kwa makandarasi wa ujenzi na watumiaji wengine wakubwa wa saruji kwa kuongeza mitungi ya kusambazia saruji na pia kuongeza maghala maalum yanayohamishika. Tuliweza pia kuhakikisha ongezeko la mauzo mikoani; kulikuwa na ongezeko kubwa la mauzo katika kanda ya Ziwa na mkoa wa Dodoma. Licha ya ongezeko la gharama za pembejeo za uzalishaji Kampuni haijaongeza bei ya saruji tangu mwezi Machi 2008.

Uzalishaji

Kiufundi, 2008 ulikuwa mwaka wenye changamoto sana.. Mitambo yetu ya zamani ilifanya kazi kwa kiwango kamili kwa mwaka mzima. Katika azma ya kuhakikisha usambazaji wa kutosha usimamishaji wa mitambo kwa matengenezo ulipungunguzwa sana.

Hata hivyo uzalishaji uliathiriwa mara kwa mara kutokana na shughuli za ujenzi wa mtambo mpya. Katizo la nishati na kulazimika kusimamisha mitambo kumpisha mkandarasi wa mtambo mpya kushughulikia muingiliano kati ya mtambo mpya na wa zamani ni mambo ambayo hayakuweza kuzuilika.

Tumeendelea kuagiza klinka kutoka nje kuziba upungufu wa kiasi tunachozalisha ili kukidhi mahitaji ya soko la saruji. Tunatumaini uagizaji huu utakoma hapo tanuru jipya litakapoanza kufanya kazi (tazama sehemu inayoelezea mradi wa upanuzi).

Ufanisi Kifedha

Mapato yaliongezeka kwa kiwango kizuri cha 24% mwaka 2008 japokuwa ni pungufu ya ongezeko la 49% mwaka uliopita. Kama ilivyokuwa mwaka 2007, gharama za mauzo ziliongezeka kwa kasi kuliko ongezeko la mauzo

New crusher and screener under construction

Brick works in one of the old kilns

kutokana na uagizaji wa klinka kutoka nje, gharama za usafirishaji za kimataifa, ongezeko la mfumuko wa bei nchini na gharama za nishati.
Gharama za uendeshaji ziliongezeka kutokana na ongezeko la wafanyakazi na madiliko ya mkataba wa hiari baina ya kampuni na Chama cha wafanyakazi,ilhali gharama za usambazaji zilidhibitiwa kikamilifu. Aidha gharama za uchakavu zilipanda kutokana na kukamilika kwa sehemu ya kwanza ya mradi wa upanuzi wa kiwanda.

Kampuni, kwa kiasi kikubwa imelipia mradi wa upanuzi kutokana na fedha zake kuliko ilivyopangwa awali. Hadi kufikia mwisho wa 2008 ni kiasi cha dola za Marekani milioni 20 tu zilitumika toka vyanzo vya nje na hatutegemei kutumia fedha zaidi zinazotokana na mikopo. Riba inayotokana na mikopo ya mradi wa upanuzi inajumuishwa kwenye gharama za mradi kulingana na mabadiliko ya hivi karibuni ya viwango vya kimataifa vya uhasibu.

Faida baada ya kodi ya mapato ilifikiaTZS bilioni 35 ikiwa juu kwa asilimia 16 ikilinganishwa na mwaka 2007 na ni faida inayoniridhisha sana.

Mengineyo
Ili kuendana na ukuaji wa soko na ongezeko la uzalishaji tuliajiri wafanyakazi wengine 33 mwaka 2008. Kwa kuwa mtambo mpya ni wa kisasa sana kiufundi tumeweka msukumo mkubwa kenye mafunzo; hii inajumuisha mafunzo ya ndani na pia tuliwapeleka wafanyakazi (16) kwenye Kampuni zingine katika kundi la makampuni ya HeidelbergCement. Mafunzo, hasa ya ndani yataendelea pia mwaka huu.

Hapa TPCC tuna matumaini makubwa kuhusu hali ya baadaye ya Kampuni. Hata hivyo mparanganyiko wa hali ya fedha na kudorora kwa uchumi duniani ni maeneo ya kuangalia sana. Hatutegemii kwamba Tanzania haitaguswa na haya matukio ya kimataifa na tunaona kwamba soko la vifaa vya ujenzi nchini Tanzania na maeneo jirani litapungua kuanzia nusu ya pili ya mwaka 2009 hadi kuingia 2010.

Mlolongo mrefu wa mchakato wa sheria dhidi ya wavamizi 933 wanaokalia eneo la Kampuni haukufikia hatma mwaka 2008. Baada ya Kampuni kushinda kesi hiyo Oktoba 2006 (baada ya miaka mitano ya malumbano ya kisheria) inaonekana mchakato wa rufaa nao utachukua muda mrefu pia.

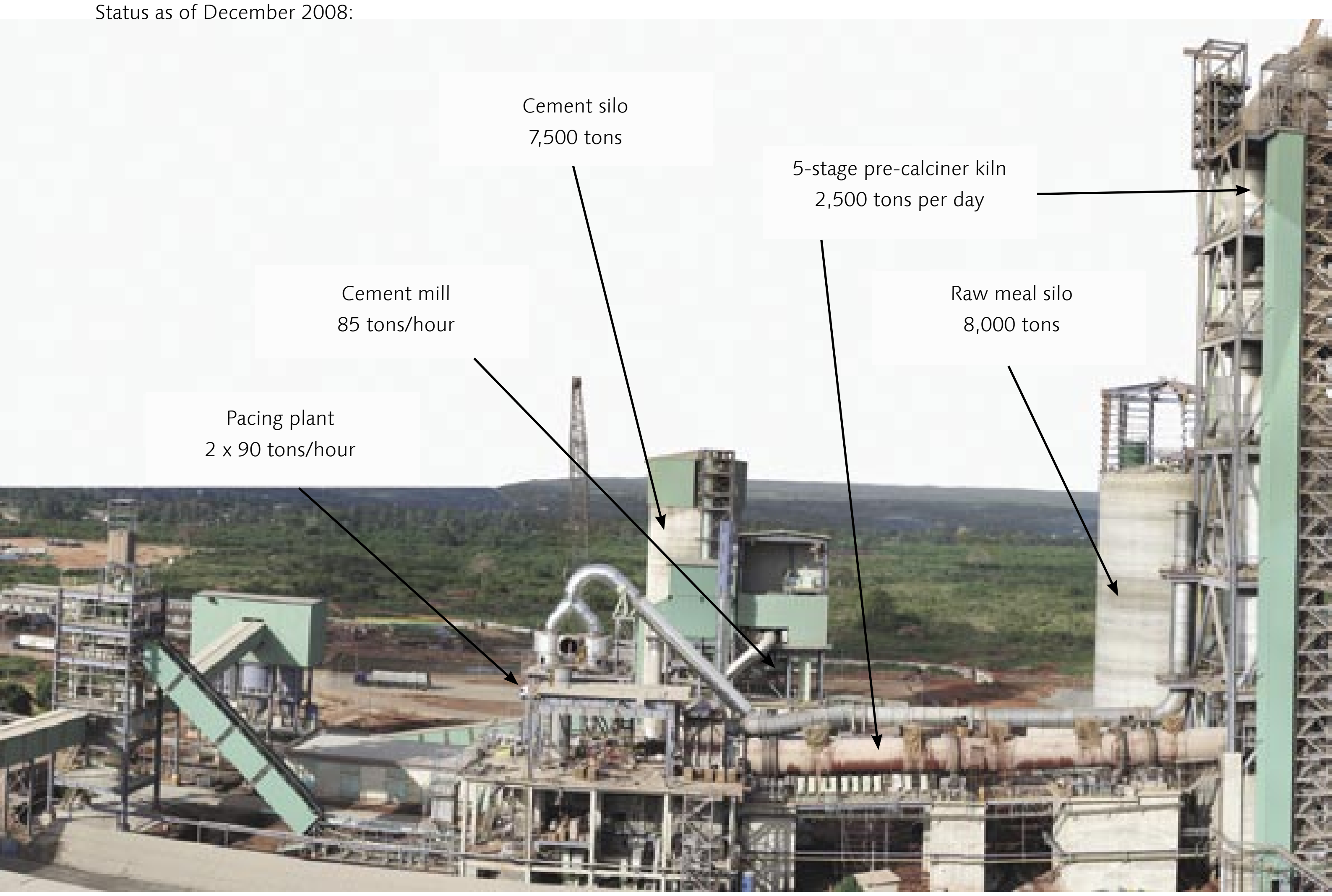
Hitimisho
Kwa kifupi, 2008 ulikuwa mwaka mwingine mzuri sana kwa Kampuni. Kutokana na ongezeko la uwezo wa uzalishaji pamoja na na wafanyakazi wanaojituma na wenye ujuzi pamoja na ukuaji wa soko la saruji tunaamini kwamba ufanisi kifedha utaendelea miaka ijayo.

Part of the new production line at night

One of the old cement mills in operation

The expansion project

Status as of December 2008:



The 108 million USD expansion project is now nearing its completion. The project received final approval in early 2007 and a turn-key contract was signed on 14 March 2007 between TPCC and CBMI. CBMI is a well known supplier of turn-key cement factories and is a subsidiary of the Chinese industrial conglomerate SINOMA Group.

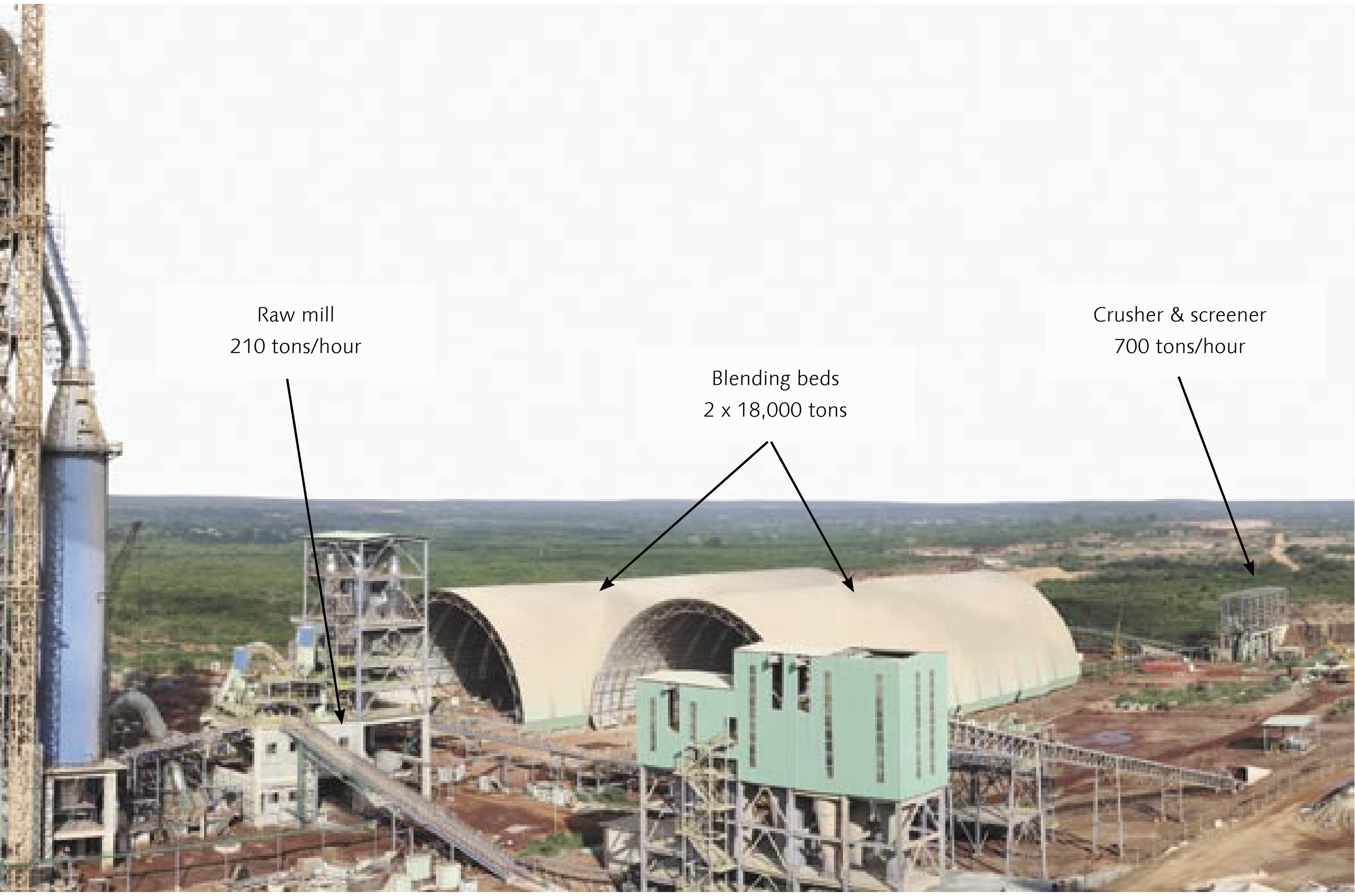
The expansion project consists of a full production line with a screener/crusher of raw materials, limestone storage, raw meal mill and silo, a 5-stage cyclone pre-heater rotary kiln, cement mill and silo, a packing and dispatch facility, as well as a dedicated 132 kV power line.

Site activities started in June 2007, and in October 2008 the Company took over the first section of the project; the cement grinding and packing plant. This doubled TPCC's cement grinding capacity from around 700,000 tons to 1,400,000 tons of cement annually.

The clinker production line is now under commissioning. The first clinker produced from the new kiln saw the light of day on 1 March this year (2009). About 25,000 tons of high quality clinker (on a test basis) were produced by the new clinker line in March. Final take-over is scheduled for June 2009. TPCC will thereafter be independent of imported clinker.

The project has been a success both for TPCC and for HeidelbergCement Group. The project will be completed on time and within budget. No major problems have occurred during the construction phase; notably without any accidents resulting in injuries or loss of life.

Mradi wa Upanuzi



Mradi wa upanuzi wa thamani ya USD milioni 108 unakaribia kukamilika. Mradi huu uliidhinishwa mapema mwaka 2007 na mkataba baina ya TPCC na CBMI kutiwa saini tarehe 14 Machi 2007. CBMI ni kampuni maarufu kwa ugavi wa viwanda vya aina hii vya saruji na ni kampuni tanzu ya Kundi kubwa la Makampuni la kichina liitwalo SINOMA.

Mradi unajumuisha mtambo kamili wa uzalishaji, mtambo wa kuchanganua/kuvunja mali ghafi, ghala la mawe chokaa, Mashine ya kusaga udongo mbichi na ghala la udongo huo, mtambo wa kujaza mifuko na kupakia saruji pamoja na laini ya pekee ya umeme wa kv 132.

Kazi ilianza mwezi Juni 2007 na ilipofika Oktoba 2008 kampuni ilikabidhiwa sehemu ya kwanza ya mradi yenye mtambo wa kusaga saruji na wa upakizi. Kukamilika kwa sehemu hii ya mradi kuliiongezea kampuni uwezo wa kusaga saruji maradufu kutoka takriban tani 700,000 hadi tani 1,400,000 kwa mwaka.

Hivi sasa mtambo wa kuzalisha klinka uko katika majaribio. Zao la kwanza la mtambo huo lilipatikana tarehe 1 Machi 2009. Kiasi cha tani 25,000 za kilinka kilizalishwa mwezi Machi kwa mtambo huo mpya. Kwa mujibu wa ratiba tutakabidhiwa mtambo huu mwezi June 2009. Baada ya hapo kampuni haitategemea klinka kutoka nje.

Mradi umekuwa wa mafanikio kwa TPCC napia Kundi la HeidelbergCememt. Mradi utakamilika kama ulivyopangwa kwa maana ya muda wa ujenzi na gharama za mradi. Hakuna matatizo makubwa yaliyojitokeza wakati wa ujenzi yaani ajali zinazopelekea wafanyakazi kuumia au kupoteza maisha.

Board of Directors

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

Mr. Jean-Marc Junon has been 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 posts, 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 2004 he has been COO for HeidelbergCement Africa. Mr. Junon chairs or sits on the boards of several other companies in the Group.

Mr. Klaus Henrik Hvassing, Norwegian
(M.Sc. Degree in Business, B.Sc. Degree in Civil Engineering)

Mr. Klaus Hvassing was in December 2004 appointed Managing Director of TPCC, and Area Manager for East Africa, responsible for Tanzania and project support in Africa. He entered HeidelbergCement in 1994 as Financial Manager of the Norcem Kjøpsvik plant in Norway. He was appointed Plant Manager in the same plant in 1995 and, from 2001, Plant Manager for Norcem Brevik plant. At the end of the same year he was appointed Senior Vice President in Scancem International ANS, responsible for Technical Support, Procurement, and with country responsibility for Liberia and Sierra Leone. Mr. Hvassing also serves on the boards of other companies in the HeidelbergCement Group.

Mr. William A. Mlaki, Tanzanian
(M.Sc Degree in Industrial and Agro-Industrial Management, and BA (Hons) in Economics)

Mr. William A. Mlaki is the Managing Director of Tanzania Investment Bank Limited. Before he became the bank's CEO Mr. Mlaki held other senior positions, first as Director of Planning and Development and then as Director of Portfolio Monitoring and Supervision. He is also Chairman of the Board of Directors of PTA Bank (Eastern and Southern African Trade and Development Bank) and a Director of the Board of Trustees of the SADC Development Finance Resource Centre based in Gaborone, Botswana.

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

Since 1990 he 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 a Board Member at Ngorongoro Conservation area Authority and is sitting on the Ministerial Advisory Board - RIA and the Governing Council of the Dar es Salaam Stock Exchange.

Mr. Daniel Gauthier, Belgian
(Civil Eng. Mining, Master Degree in Management, Civil Engineer)

Mr. Gauthier has 28 years 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 Plytech 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), Akçansa (Turkey), and CCC (China).

Mr. Ola Schippert, Swedish
(Master of Business Administration)

Mr. Ola Schippert is currently Senior Vice-President with responsibility for Finance and IT at HeidelbergCement Africa. He began his career with a Swedish Chartered Accountant firm in 1984 where he worked for four years, in the last years as Audit Manager. In 1988 he joined the Scancem Group as Controller at the Head Office in Malmo, Sweden. He has since then held various management positions in Europe, Africa and Asia; first in Scancem Group and later in HeidelbergCement Group. He was in 2006 appointed to his current position as Senior Vice-President in HeidelbergCement Africa. He was appointed to the Board of TPCC and as Chairman of the company's Audit Committee in January 2008.

The TPCC Board of Directors. From left to right: Mr. Wiliam A. Mlaki, Mr. Arne J. Selen (alternate to Mr. Daniel Gauthier who was not present), Mr. George Fumbuka, Mr. Klaus Hvassing, Mr. Jean-Marc Junon and Mr. Ola Schippert.

Bodi ya Wakurugenzi

Bw. Jean-Marc Junon, Mfaransa
(Digrii 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 karna 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, mipongo mkakatia ya kibiashaara na maendeleo. Alipanda ngazi hadi kufikia cheo cha Meneja Maendeleo ya Biashara kanda y Asia Kusini Mashariki na China tabla ya kuacha kazi Italcementi mwishoni mwa mwaka 2000. Alijiunga na kundi la makampuni la HeidelbergCement Group mwaka 2001 kama Afisa Mkuu Uendeshaji katika China. Sasa hivi ni Afisa Mkuu Uendeshaji wa HeidelbergCement Africa. Bw. Junon ni mwenyekiti au mjumbe wa bodi mbalimbali za makampuni yaliyo chini ya kundi la makampuni la HeidelbergCemMiaka 25 ya uzoefu katika nyadhifa mbalimbali kwenye sekta ya saruent Group.

Bw. Klaus Henrik Hvassing, Mnorwei
(Digrii ya Uzamili ya Sayansi ya Biashara, Digrii ya kwanza ya Uhandisi Ujenzi)

Bw. Klaus Hvassing aliteuliwa kuwa Mkurugenzi mkuu wa TPCC mnamo Desemba 2004, na Meneja wa eneo la Tanzania katika Kanda ya Afrika Mashariki, anayewajibika kwa Tanzania na huduma za mradi katika Afrika. Alijiunga na HeidelbergCement mnamo 1994 kama Meneja wa Fedha wa kiwanda cha Norcem Kjøpsvik huko Norway. Aliteuliwa kuwa Meneja Kiwanda katika kiwanda hicho mnamo 1995 na, kuanzia 2001, Meneja Kiwanda wa Norcem Brevik. Mwishoni mwa mwaka huo aliteuliwa kuwa Makamu wa Rais Mwandamizi katika Scancem International ANS, anayewajibika kwa Masuala ya Kiufundi, Manunuzi, na majukumu ya nchi kwa Liberia na Sierra Leone. Akiwa mhitimu wa Shahada ya Uzamili ya Sayansi katika Biashara na Shahada ya Kwanza ya Sayansi katika Uhandisi Ujenzi, Bw. Hvassing pia amefanya kazi katika Bodi za makampuni mengine yaliyoko chini ya HeidelbergCement Group.

Bw. William Mlaki, Mtanzania
(Shahada ya Uzamili ya Sayansi katika Uongozi wa Viwanda na Viwanda vya Kilimo) Bw. Mlaki ni Meneja Mkuu wa Benki ya Raslimali Tanzania (TIB). Ameshika nyadhifa mbalimbali katika TIB tangu 1972 (Afisa Mwandamizi, Mkurugenzi wa

Preparation of big bags for delivery

Maintenance of cooler tubes on one of the old kilns

Mipango na Maendeleo na Mkurugenzi wa Usimamiza na Ufuatilaji). Yeye pia ni Mwenyekiti wa Bodi ya Wakurugenzi ya PTA Bank (Eastern and Southern African Trade and Development Bank).

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

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) (1976-81). Ni mjumbe wa Bodi katika Mamlaka ya Hifadhi ya Ngorongoro na yupo katika Bodi ya Ushauri ya Wizara - RIA na Baraza la Utawala la Soko la Hisa la Dar es Salaam.

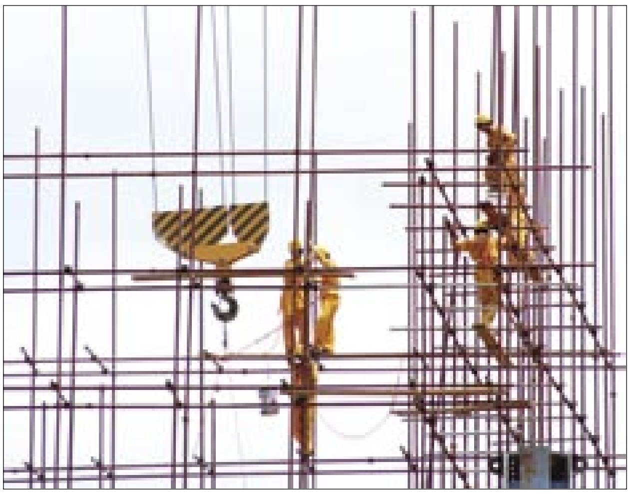
Bw. Daniel Gauthier, Mbeligiji
(Mhandisi Ujenzi - Madini, Digrii ya Uzamili katika Uongozi, Mhandish Ujenzi)

Miaka 28 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, Africa, Med-East, and Trading. Ni Raisi na Afisa Mkuu Mtendaji wa CBR S.A., Raisi wa European Cement Research Association, Raisi wa Plytech Mons Alumni, Mjumbe wa Bodi wa LVI (Carmeuse Group), Mjumbe wa Bodi wa Cembureau na Mjumbe wa Kamati ya the Science Academy of Belgium for the Application of the Science. Pia ni Mjumbe wa Bodi ya HeidelbergCement Northern Europe (Sweden); Akçansa (Turkey), CCC(China).

Bw. Ola Schippert, Mswedi
(Digrii ya Uzamili katika Utawala)

Bw. Ola Schippert ni Makamu wa Raisi Mwandamizi anayehusika na Fedha na IT katika HeidelbergCement Africa. Alianza na Kampuni moja ya Uhasibu nchini Sweden mwaka 1984 ambapo alifanya kazi kwa miaka 4 akimalizia kama Meneja wa Ukaguzi wa Hesbu. Maka 1988 alijiunga na Kundi la Scancem kama Mdhibiti huko makao makuu yaliyopo Malmo, Sweden. Tangu hapo ameshika nyadhifa mbalimbali za uongozi Ulaya, Africa na Aia kwanza na Kundi la Scancem na baadaye na kundi la HeidelbegCement. Mwaka 2006 aliteuliwa kushika wadhifa alio nao sasa. Mwezi Januari 2008 aliteuliwa kuwa mkurugenzi katika Bodi ya Wakurugenzi TPCC na pia Mwenyekiti wa kamati ya Ukaguzi ya TPCC.

View of the new production line



Construction works on the new production line

Company information

Principal place of business

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

Bankers

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

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

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

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

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

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

Solicitors

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

Felix S. Mbuya
Al Noor Hotel
Uhuru Street
P.O. Box 6851
Dar es Salaam

Company Secretary

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

Company Auditors

Ernst & Young
Utalii Building
P.O. Box 2475
Dar es Salaam

Taarifa Muhimu za Kampuni

Eneo la shughuli za kampuni

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

Benki

Benki ya Standard Chartered (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
Tawi la Corporate
P.O. Box 9062
Dar es Salaam

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

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

Benki ya CRDB (T) Limited
Tawi la PPF Tower
P.O. Box 268
Dar es Salaam

Mawakili

Law Associates (Advocates)
Jengo la CRDB, Wing B
Mtaa wa Azikiwe
P.O. Box 11133
Dar es Salaam

FK Law Chambers
FK House
Kiwanja Na. 23, Ocean Road
Sea View
P.O. Box 20787
Dar es Salaam

Felix S. Mbuya
Al Noor Hotel
Mtaa wa Uhuru
P.O. Box 6851
Dar es Salaam

Katibu wa kampuni

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

Wakaguzi wa hesabu za kampuni

Ernst & Young
Utalii Building
P.O. Box 2475
Dar es Salaam

Directors' report for the year ended 31 December 2008

The directors have the pleasure in submitting their report, together with the audited financial statements of the Company for the year ended 31 December 2008.

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

Statement of directors' responsibilities
The directors are required under the Companies Act No. 12 of 2002 to prepare financial statements of the Company for each financial year, as at the end of the financial period, that gives a true and fair view of the state of affairs of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgement and estimates have been made in the preparation of the financial statements for the year ended 31 December 2008. The directors also confirm that the International Financial Reporting Standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act No. 12 of 2002. They 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Directors
The directors of the Company at the date of this report all of whom have served throughout the year are:

Mr. Jean-Marc Junon	French	Chairman
Mr. Klaus Hvassing	Norwegian	Director
Mr. William Mlaki	Tanzanian	Director
Mr. George Fumbuka	Tanzanian	Director
Mr. Daniel Gauthier	Belgian	Director
Mr. Arne J. Selen	Norwegian	Alternate to Mr. Daniel Gauthier
Mr. Ola Schippert	Swedish	Director

With the exception of Mr. Klaus Hvassing, Managing Director, all other directors are non-executive.

Director's interest in the shares of the Company

Mr. William Mlaki	49,927 shares

Directors' remuneration

The remuneration for services rendered as directors of the Company in 2008 was as follows:

	Tanzanian Shillings (TZS)
Chairman	1,000,000 per annum
Each other director	600,000 per annum

In addition, each director was paid an allowance of United States Dollar (US$) 1,200 for each sitting of the Board and the Audit Committee. During the year under review, directors' remuneration were TZS 46,883,304 (2007: TZS 25,919,680).

Review of the business

The Company recorded an increase in sales volume of 4% from 2007 to 2008. Clinker production fell by 6%. The reduced level of clinker production was essentially caused by stoppages to carry out necessary work related to the construction of the new production line. The operating result is shown on page 28 of these financial statements.

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 No. 12 of 2002 of the laws of Tanzania and internationally accepted accounting principles.

Related party transactions

The Company imports raw materials, spare parts and consumables on an arms-length basis from Scancem International ANS that owns a 69.25% equity stake in the Company. Details of related party transactions are shown in note 29 of the financial statements.

Environmental matters

Extensive rehabilitation of the two kilns and overhaul of other equipment during the period 2002 – 2006 have had a major impact in reducing dust emissions. Bag filters were installed for all the three mills and the packing machines in 2005 and 2006. An Environmental Management System has been prepared in 2008 and ISO14001 certification is planned for 2009.

Major events

The demand for cement continued to grow in Tanzania in 2008. TPCC's cement sales and production volumes reached all-time highs. In order to meet the demand, TPCC continued to import clinker to make up for its own shortfall in production capacity.

The expansion project has remained on schedule and within budget. The cement grinding and packing plant (section 2 of the project) was put in production in August and formally taken over in October, thereby increasing the Company's grinding capacity by 100% from around 700,000 tones per year to 1,400,000 tones per year. The clinker plant (section 1 of the project) is expected to be put in production in second quarter of 2009.

After the Company in October 2006 won the case brought against 933 trespassers occupying the Company's land, the extraordinary lengthy appeal process has continued in 2008 preventing the Company from repossessing the land. The presence of the trespassers on the Company's land just to the east of the quarry is endangering the operation as it limits the safe expansion of the quarry operation.

Contrary to earlier promises, the Government completely removed the suspended duty on imported cement in July 2008. The policy communicated by the Government to the Company before it decided to invest in the expansion project was that the suspended duty would only be gradually reduced (by 5 percentage points per year) down to 25% in 2010 and would remain unchanged thereafter. A predictable business environment is important for industrial investors and the Government's abrupt change in policy in July 2008 is not compatible with such predictability.

The Company reached agreements with gas suppliers for the delivery of additional volumes of gas until mid-2014. The Company's requirement for thermal energy which adequately caters for the new production line has thus been secured for this period.

Employee welfare

Relationship between management and employees
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. A new agreement covering the period 2009 – 2010 was signed in December 2008.

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

Industrial safety
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.

Training
The Company's ongoing training activities continued in 2008 and these activities have been coordinated with the activities of the expansion project.

Emoluments
Salary levels are adjusted annually within the Company's means after negotiations between TUICO and management. The 2008 increments were agreed in January 2008. During the year under review, all permanent employees had income levels of TZS 3 million per annum or more.

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

ployee's salary. 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 at certain milestones throughout the employment .

Disabled persons
It is Company policy to give equal opportunities to disabled persons for vacancies they are able to fill.

Board meetings
The Board of Directors held four ordinary meetings during the year.

Donations
During the year under review, the Company made donations and other contributions of a charitable nature valued at about TZS 160 million. There were no political donations.

Dividends
The directors recommend payment of TZS 12.6 billion to shareholders (70 TZS/share) as first and final dividend out of retained earnings. In making this proposal the directors have taken into account the financial situation of the Company and the need to repay the loan procured to part-finance the expansion project. The proposed dividend is an increase of 63% compared to last year's dividend and represents 36% of the net result for the year.

Auditors
Ernst & Young were the Company's auditors for the year 2008. They have expressed their willingness to continue as auditors and are eligible for reappointment. A resolution to appoint auditors for year 2009 will be proposed at the Annual General Meeting.

By order of the Board

George Fumbuka, Director

Jean-Marc Junon, Chairman of the Board

Date: 18th March 2009

Taarifa ya Wakurugenzi kwa Mwaka ulioishia 31 Desemba 2008

Wakurugenzi wanayo furaha kuwasilisha taarifa yao pamoja na hesabu zilizokaguliwa kwa mwaka ulioishia 31 Desemba 2008.

Shughuli kuu
Shughuli kuu ya Kampuni ni uzalishaji, usambazaji na uuzaji wa saruji.

Wajibu wa Wakurugenzi
Kwa mujibu wa Sheria ya Makampuni Na.12 ya mwaka 2002, ni wajibu wa wakurugenzi kuandaa hesabu za Kampuni kila mwaka zenye kutoa hali halisi ya Kampuni kifedha mwishoni mwa kila kipindi.

Wakurugenzi wanathibitisha kwamba katika kutayarisha hesabu ambazo zinaonyesha hali halisi ya Kampuni kila wakati, wametumia sera na kanuni za kiuhasibu zinazohakikisha kuwa hesabu zinakidhi matakwa ya viwango vya kimataifa vya utayarishaji hesabu na taarifa za fedha. Hesabu zimeandaliwa kwa kuzingatia kuwa Kampuni itaendelea kufanya shughuli zake kwa muda mrefu ujao.

Wakurugenzi wanawajibika kutunza vitabu na nyaraka za kiuhasibu zenye kuonyesha hali halisi na sahihi ya Kampuni na kuhakikisha kuwa hesabu zinazotayarishwa zinaendana na matakwa ya Sheria ya Makampuni Na.12 ya mwaka 2002. Wanawajibika pia kuhakikisha kwamba mali zote za Kampuni ziko katika hali ya usalama na kuweka mifumo ya udhibiti wa shughuli za Kampuni inayofanya kazi ya kuzuia au kugundua wizi, ufujaji au makosa kuwa rahisi.

Wakurugenzi
Wajumbe wa Bodi ya Wakurugenzi wakati huu ambao wamekuwa wajumbe katika kipindi chote cha mwaka 2008 ni hawa:

Bw. Jean-Marc Junon	Mfaransa	Mwenyekiti
Bw. Klaus Hvassing	Mnorwei	Mjumbe
Bw. William Mlaki	Mtanzania	Mjumbe
Bw. George Fumbuka	Mtanzania	Mjumbe
Bw. Daniel Gauthier	Mbeljiji	Mjumbe
Bw. Arne J. Selen	Mnorwei	Mjumbe mbadala wa Daniel Gauthier
Bw. Ola Schippert	Mswedi	Mjumbe

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

Wakurugenzi Wanahisa

Bw. William Mlaki ana hisa 49,927 katika Kampuni

Malipo kwa Wakurugenzi

Malipo kwa huduma ya ukurugenzi katika Kampuni katika mwaka 2008 yalikuwa kama ifuatavyo:-

	TZS
Mwenyekiti	1,000,000 kwa mwaka
Kila mkurugenzi	600,000 kwa mwaka

Pia, kila mkurugenzi alilipwa posho ya dola 1,200 kwa kila kikao cha Bodi au Kamati ya Ukaguzi alichohudhuria. Katika mwaka husika, malipo ya namna hii kwa wakurugenzi yalikuwa TZS 46,883,304 (2007:TZS 25,919,680).

Tathmini ya Biashara

Mauzo mwaka 2008 yaliongezeka kwa aslimia 4 ikilinganishwa na mwaka 2007. Uzalishaji wa klinka ulishuka kwa asilimia 6, hali iliyosababishwa na haja ya kusimamisha mitambo mara kwa mara kupisha kazi za ujenzi wa kiwanda kipya. Taarifa kamili ya mapato kwa mwaka husika inapatikana ukurasa wa 28 wa taarifa ya hesabu

Uwezo wa Kulipa

Wakurugenzi wamefanya tathmini ya kina juu ya hali ya kifedha ya Kampuni ikiwa ni pamoja na madeni ya muda mfupi na muda mrefu. Kwa misingi ya tathmini hii ambayo imefanywa kwa kuzingatia mpango wa biashara uliopo, kanuni za kimataifa za uhasibu na matakwa ya Sheria ya Makampuni Na.12 ya 2002, wakurugenzi wameridhika kwamba Kampuni ina uwezo wa kuendesha shughuli zake bila matatizo yoyote.

Shughuli za Biashara na Makampuni yenye Uhusiano

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

Masuala ya Mazingira

Ukarabati mkubwa wa mitambo ya uzalishaji ambao umefanyika kati ya mwaka 2002 hadi 2006 umesaidia sana kupunguza kutimka kwa vumbi hapa kiwandani. Mfumo wa Udhibiti wa Mazingira umeandaliwa katika mwaka 2008 na mchakato umeanza ili Kampuni ipate cheti cha Ubora cha ISO 14001 katika mwaka 2009.

Matukio Muhimu

Soko la saruji nchini Tanzania liliendelea kukua katika mwaka 2008. Kampuni iliweza kuzalisha na kuuza saruji nyingi zaidi kuliko wakati wowote katika historia yake. Ili kukidhi mahitaji ya soko, TPCC iliendelea kuagiza klinka kutoka nje ya nchi kuziba pengo katika uzalishaji wa bidhaa hiyo.

Mradi wa upanuzi wa kiwanda umeendelea kama ilivyopangwa na kwa gharama kama zilivyo kwenye bajeti. Ujenzi wa mtambo mpya wa kusaga na kupakia saruji ulikamilika mwezi Agosti na kukabidhiwa rasmi mwezi Oktoba 2008 na hivyo kuongeza uzalishaji wa saruji maradufu kutoka tani kama 700,000 kwenda tani 1,400,000 kwa mwaka. Mtambo wa kuzalisha klinka unatarajiwa kukabidhiwa rasmi katika robo-mwaka ya pili ya 2009.

Mara baada ya Mahakama Kuu kutoa uamuzi mwezi Oktoba 2006 kwa kuipa ushindi Kampuni katika kesi ya uvamizi wa ardhi iliyowahusisha watu 933, walalamikiwa walikata rufaa ambayo bado inashughulikiwa na Mahakama ya Rufaa. Hatua hii imeizuia Kampuni kuchukua na kutumia ardhi yake na hivyo kufanya upanuzi wa machimbo ya mawe kuelekea kutowezekana kutokana na makazi ya wavamizi hao kuwa karibu mno na eneo la machimbo.

Kinyume na ahadi za awali, Serikali iliondoa kabisa ushuru wa ziada kwenye saruji inayoagizwa kutoka nje kuanzia Julai 2008. Kabla Kampuni haijaamua kuwekeza katika mradi wa upanuzi wa kiwanda na baada ya kuombwa kutoa msimamo wake juu ya ushuru huu, Serikali ilitamka wazi kuwa sera yake ni kupunguza ushuru huo wa ziada kwa asilimia 5 kila mwaka hadi mwaka 2010 utakapofikia aslimia 25 na kiwango hiki hakingeshuka tena. Kutabirika kwa mazingira ya biashara ni muhimu kwa wawekezaji katika kufanya maamuzi yao na mabadiliko ya sera juu ya ushuru wa ziada ambayo yalifanywa na Serikali mwezi Julai 2008 hayaendani na dhana hii ya kutabirika.

Kampuni imeingia mikataba na wasambazaji wa gesi asilia kwa kipindi kiachoishia Juni 2014 kwa mahitaji yote ya nishati hii kwa ajili ya kiwanda kipya pia.

Usitawi wa Wafanyakazi

Uhusiano kati ya Uongozi na Wafanyakazi
Uhusiano kati ya uongozi na wafanyakazi unalindwa na mkataba wa hiari kati ya Kampuni na Chama cha Wafanyakazi wa Viwanda na Biashara (TUICO) na ulisainiwa upya mwezi Desemba 2008 kwa kipindi cha 2009-2010.

Huduma za Matibabu
Huduma za matibabu hutolewa bure kwa wafanyakazi na familia zao.

Usalama Viwandani
Kampuni inatimiza masharti yote yaliyowekwa kisheria kuhusu mazingira salama ya kufanyia kazi.

Mafunzo
Shughuli za mafunzo zimekuwa zikiendelea sanjari na mafunzo yanayolenga kuijua vema technologia ya kisasa ya uendeshaji wa kiwanda kipya.

Mishahara
Viwango vya mishahara ya wafanyakazi hurekebishwa kila mwaka kwa kuzingatia uwezo wa kifedha na baada ya majadiliano kati ya TUICO na Uongozi wa Kampuni. Viwango vya mishahara ya 2008 vilikubaliwa na kuanza kulipwa mwezi Januari 2008. Katika Mwaka husika, wafanyakazi wote wa kudumu walikuwa na mishahara isiyopungua TZS milioni tatu.

Mafao ya Wafanyakazi
Wafanyakazi wa kudumu ni wanachama wa Mfuko wa Pensheni wa Mashirika ya Umma (PPF) wakati wale wenye mikataba ya muda maalumu ni wanachama wa Mfuko wa Hifadhi ya Jamii (NSSF). Kampuni huchangia asilimia 15 ya mshahara kwa kila mwanachama wa PPF na asilimia 10 ya jumla ya mshahara na marupurupu mengine kwa kila mwanachama wa NSSF. Pamoja na kuchangia kwenye hii mifuko miwili, Kampuni inaugharamia mpango wa tatu wa pensheni kwa ajili ya kuboresha mafao ya uzeeni ya wafanyakazi wote kwa kuchangia asilimia 10 ya mshahara wa kila mfanyakazi. Isitoshe, mkataba wa hiari kati ya TUICO na Kampuni umeongeza malipo mengine kwa mfanyakazi anayestaafu ambayo hutegemea urefu wa utumishi wa mfanyakazi husika hadi wakati anapostaafu. Pia, wafanyakazi hupata saruji kama tuzo ya utumishi wa muda mrefu katika vipindi maalumu vilivyoainishwa kwenye mkataba wa hiari.

Walemavu

Ni sera ya Kampuni kutoa fursa sawa kwa walemavu katika ajira pindi nafasi za kazi zinapojitokeza.

Mikutano ya Bodi

Bodi ilifanya mikutano minne ya kawaida katika mwaka husika

Misaada

Kampuni ilitoa misaada ya hisani yenye thamani ya TZS 160 milioni katika mwaka husika. Hakuna misaada iliyotolewa kwa vyama au makundi ya kisiasa.

Gawio

Wakurugenzi wanapendekeza gawio la TZS 12.6 bilioni kwa wanahisa wake (TZS 70 kwa kila hisa) kutokana na faida iliyopatikana. Pendekezo hili limezingatia uwezo wa kampuni na haja ya kuurejesha mkopo uliotumika kugharamia ujenzi wa kiwanda kipya. Kiwango cha gawio kinachopendekezwa ni ongezeko la asilimia 63 juu ya gawio la mwaka jana na ni asilimia 36 ya faida ya mwaka husika.

Wakaguzi wa Hesabu

Wakaguzi wa hesabu kwa mwaka 2008 walikuwa Ernst & Young.Wameonyesha nia ya kuendelea na wadhifa huu na wana sifa zote zinazohitajika. Azimio la uteuzi wa wakaguzi wa hesabu litawasilishwa kwenye Mkutano wa Mwaka wa Wanahisa,

Imetolewa kwa amri ya Bodi

George Fumbuka, Mkurugenzi

Jean-Marc Junon, Mwenyekiti wa Bodi

Tarehe: 18 Marchi, 2009

Independent Auditors' report

To the shareholders of
TANZANIA PORTLAND CEMENT COMPANY LIMITED

We have audited the accompanying financial statements of Tanzania Portland Cement Company Limited as set out on page 28 to 59, which comprise the balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements
The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the Companies Act No. 12 of 2002. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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' judgment, 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 for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the company as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

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

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

ii. In our opinion, proper books of accounts 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 balance sheet and income statement are in agreement with the books of accounts.

Ernst & Young
Certified Public Accountants
Dar es Salaam

Signed by: Joseph Sheffu (Partner)

18th March 2009

Income statement

Profit and loss accounts, TZS '000	Notes	2008	2007
Revenue	9	**148,709,578**	**119,764,889**
Cost of sales	11	(80,048,539)	(60,647,709)
Gross margin		**68,661,039**	**59,117,180**
Other income	10	706,653	249,374
Selling and marketing costs	12	(966,538)	(1,093,907)
Administrative costs	13	(10,970,349)	(8,840,836)
Depreciation and amortisation	8, 17 & 18	(3,320,711)	(2,906,872)
Other expenses	14	(1,238,495)	(379,924)
Write-off and increase in provision for obsolete stock	20	288,245	(904,731)
Operating income		**53,159,844**	**45,240,284**
Finance revenue		426,171	586,715
Financial costs	15	(358,299)	(355,843)
Loss on foreign currency translation	16	(3,034,766)	(1,889,594)
Profit before tax		**50,192,950**	**43,581,562**
Taxes on income	30	(15,230,630)	(13,469,977)
Profit for the year		**34,962,320**	**30,111,586**
Earnings per share	37		
Basic earning per share (TZS)		194.32	167.36
Diluted earning per share (TZS)		194.32	167.36

The notes on pages 32 to 59 form part of these financial statements
Independent auditors' report on pages 26 and 27

Balance sheet

Balance sheet, TZS '000	Notes	2008	2007
Assets			
Property, plant and equipment	8	121,927,365	59,947,439
Intangible asset	17	21,231	43,972
Leasehold land	18	204,006	209,534
Non-current assets		**122,152,602**	**60,200,945**
Cash and bank balances	19	18,882,294	20,652,680
Inventories	20	22,791,501	18,112,545
Trade receivables	21	2,579,658	2,422,990
Other short-term operating receivables	22	2,259,927	1,577,586
Current assets		**46,513,380**	**42,765,801**
Total assets		**168,665,982**	**102,966,746**
Equity and liabilities			
Share capital	23	3,598,462	3,598,462
Retained earnings		102,517,397	75,291,771
Equity		**106,115,859**	**78,890,233**
Deferred tax	30	9,520,060	6,190,325
Long-term financial liabilities	24	528,820	579,184
Gratuity	27	1,116,879	465,000
Non-current liabilities		**11,165,759**	**7,234,509**
Long-term financial liabilities (current portion)	24	76,595	83,366
Other borrowings	25	25,717,595	-
Trade and other payables	26	24,512,103	15,952,113
Dividend payable		113,063	-
Tax payable	30	965,007	806,525
Current liabilities		**51,384,363**	**16,842,004**
Total equity and liabilities		**168,665,982**	**102,966,746**

The notes on pages 32 to 59 form part of these financial statements
Independent auditors' report on pages 26 and 27

Statement of change in equity

Statement of changes in equity, TZS '000	Issued share capital (note 23)	Retained earnings	Total
At 01 January 2008	3,598,462	75,291,771	78,890,233
Dividends paid	-	(7,736,693)	(7,736,693)
Profit for the year	-	34,962,320	34,962,320
At 31 December 2008	**3,598,462**	**102,517,397**	**106,115,859**
At 01 January 2007	3,598,462	50,218,031	53,816,493
Dividends paid	-	(5,037,846)	(5,037,846)
Profit for the year	-	30,111,586	30,111,586
At 31 December 2007	**3,598,462**	**75,291,771**	**78,890,233**

The notes on pages 32 to 59 form part of these financial statements

Independent auditors' report on pages 26 and 27

Cash flow statement

Cash flow statement, TZS '000	Notes	2008	2007
Profit before tax		**50,192,950**	**43,581,562**
Depreciation and amortisation	8, 17 & 18	3,320,711	2,906,872
Interest expenses	15	358,299	355,843
Write-off of intangible assets	17	1,043	-
Profit on disposal of plant and equipment		(62,087)	(28,452)
Operating profit before changes in working capital items		**53,810,916**	**46,815,825**
Increase in inventories		(4,678,956)	(4,935,285)
(Increase)/decrease in trade receivables		(156,668)	87,940
Increase/(decrease) in other short-term operating receivables		(682,341)	13,051,288
Increase/(decrease) in gratuities provision		651,879	(16,985)
Increase in trade and other payables		8,559,990	9,306,823
Corporation tax paid		(11,742,413)	(12,699,808)
Interest paid		(365,070)	(355,843)
Net cash flow from operating activities		**45,397,337**	**51,253,955**
Proceeds from disposal of plant and equipment		62,321	65,672
Capital works-in-progress and rehabilitation expenses		(61,953,467)	(30,898,413)
Purchase of intangibles		-	(43,397)
Purchase of plant and equipment		(3,320,178)	(2,786,778)
Net cash flows used in investing activities		**(65,211,324)**	**(33,662,916)**
Dividends paid		(7,623,630)	(5,037,846)
Proceeds from other borrowings		25,717,595	-
Long-term loan repaid		(50,364)	(50,364)
Net cash flows used in financing activities		**18,043,601**	**(5,088,210)**
Net increase in cash and cash equivalents		**(1,770,386)**	**12,502,828**
Cash and cash equivalents at 01 January		20,652,680	8,149,852
Cash and cash equivalent at 31 January	19	**18,882,294**	**20,652,680**

The notes on pages 32 to 59 form part of these financial statements

Independent auditors' report on pages 26 and 27

Notes to the financial statements for the year ended 31 December 2008

1. Corporate information

Tanzania Portland Cement Company Limited ('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.

2. Principal activities

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

3. Basis of preparation

The financial statements have been prepared on a historical cost basis except for financial instruments and available-for-sale investments that have been measured at fair value. 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 (IFRSs) and comply with the Companies Act No. 12 of 2002.

4. Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2008:

- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions;
- IFRIC 12 – Service Concession Arrangements; and
- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The Company has also opted for early adoption of the following IFRS and IFRIC interpretations as of 1 January 2008:

- IFRS 2 Share-based Payment (Revised) effective 1 January 2009;
- IFRS 8 Operating Segments effective 1 January 2009;
- IAS 23 Borrowing Costs (Revised) effective 1 January 2009; and
- IFRIC 13 Customer Loyalty Programmes effective 1 July 2008.

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company except for IAS 23. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies. The principal effects of these changes are as follows:

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 in January 2008 that clarifies the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. The Company adopted this amendment early from 1 January 2008. This early adoption did not have an impact on the financial position or performance of the Company as no related events occurred in relation thereto during the year.

IFRS 8 Operating Segments
The IASB issued IFRS 8 in November 2006. IFRS 8 replaces IAS 14 Segment Reporting upon its effective date. This standard requires disclosure about the Company's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the Company. The Company is reported on as one single operating segment and as such the new standard had no impact on the financial presentation.

IAS 23 Borrowing Costs (Revised)
The IASB issued an amendment to IAS 23 in April 2007. The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Company's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended IAS 23, the Company has adopted this revised standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2008. During the 12 months to 31 December 2008, TZS 605 million of borrowing costs have been capitalized under capital work-in-progress.

Improvements to IFRSs
In May 2008 the International Accounting Standards Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

The Company has early adopted the following amendments to standards:

- IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. The Company amended its accounting policy accordingly and analysed whether management's expectation of the period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the balance sheet.
- IAS 16 Property, Plant and Equipment: Replace the term "net selling price" with "fair value less costs to sell". The Company amended its accounting policy accordingly, which did not result in any change in the financial position.
- IAS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39. The Company has amended its accounting policy accordingly which did not result in any change in its financial position.
- IAS 28 Investment in Associates: If an associate is accounted for at fair value in accordance with IAS 39, IAS 28 only requires the Company to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. This amendment has no impact on the Company as it does not have any investment in associates.
- IAS 31 Interest in Joint Ventures: If a joint venture is accounted for at fair value, in accordance with IAS 39, IAS 31 only requires the Company to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense. This amendment has no impact on the Company because it does not have any interest in joint ventures.
- IAS 36 Impairment of Assets: When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment has no immediate impact on the financial

statements of the Company because the recoverable amount of its cash generating units is currently estimated using 'value in use'.

- IAS 38 Intangible Assets: Expenditure on advertising and promotional activities is recognised as an expense when the Company either has the right to access the goods or has received the service. This amendment has no impact on the Company because it does not enter into such promotional activities.

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions
The Company has adopted IFRIC Interpretation 11 insofar as it applies to financial statements. This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The Company amended its accounting policy accordingly. The Company has not issued instruments covered under this interpretation.

IFRIC 12 – Service Concession Arrangements
The IFRIC issued IFRIC 12 in November 2006. This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received as an operator in service concession arrangements. The Company is not such an operator and, therefore, this interpretation has no impact on the Company.

IFRIC 13 Customer Loyalty Programmes
The IFRIC issued IFRIC 13 in June 2007. This interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognised as revenue over the period that the award credits are redeemed. The Company does not maintain any customer loyalty programmes.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC Interpretation 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. The Company amended its accounting policy accordingly. The Company's defined benefit schemes are unfunded, therefore the adoption of this interpretation had no impact on the financial position or performance of the Company.

5. Summary of significant accounting policies
The accounting policies adopted, which are consistent with those of previous years, are shown below.

Foreign currency translation

<u>Functional and presentation currency:</u> 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.

<u>Transactions and balances:</u> Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. 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 the income statement.

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. 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.

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

Cash and cash equivalents

Cash and bank balances in the balance sheet 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 cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Dividend distribution

Dividend distribution to the shareholders is charged to equity and recognized 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, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria. Depreciation is calculated on a straight-line basis over the useful life of the assets. The annual rates of depreciation which have been consistently applied are:

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised. The residual values, useful lives and methods of depreciating property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. When each major inspection is performed, its cost is recognised in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied.

Interest bearing loans and borrowings
All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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 are not capitalised and expenditure is charged against profits 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 14% – 50%.

The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the income statement. Gains or losses arising from derecognition 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 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. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired 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 the income statement. 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.

Investments and other financial assets
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. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Held-to-maturity investments: Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

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 loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial investments: Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in profit or loss.

Fair value: The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

Amortised cost: Held-to-maturity investments and loans and receivables are measured at amortised cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of financial assets
The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost: If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss 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 been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Available-for-sale financial investments: If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Derecognition of financial assets and liabilities

Financial assets: A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

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

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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 amounts is recognised in the income statement.

Operating lease

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Inventories

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

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

Net realizable 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. Where 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 any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Pensions and other post – employment benefits

The Company operates defined contribution plans and defined benefit plans.

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

Post-employment obligations: Under defined benefit plans, the Company provides certain post-retirement benefits at retirement and at certain milestones during the period of employment. The expected costs of these benefits are accrued over the period of employment and the present value of the obligation is determined by using the weighted-average cost of capital rate applicable at each reporting date.

These benefits are unfunded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit liability comprises the present value of the defined benefit obligation less past service cost not yet recognised.

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

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

Taxes

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

Deferred tax: Deferred tax is provided on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are 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 balance sheet 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 balance sheet 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 balance sheet date.

Current tax and deferred tax relating to items recognised directly in equity are also recognised in equity and not in the income statement.

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.

<u>Value added tax:</u> 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 balance sheet.

6. Significant accounting judgments, estimates and assumptions

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

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

<u>Provision for quarry restoration:</u> The Company's quarry is an open one with bench heights at 12 - 15 metres. The overburden materials vary in thickness, but seldom exceed 0.5 metres. The removed overburden is later used as natural backfill material. Limestone is mined from the quarry in a way that leaves the "used" area as a one-level horizontal plateau. From management's point of view there shouldn't be any need for provision to cover future costs for restoration of the quarry area due to the aforementioned facts regarding both the continuous ongoing backfilling and the way the area is left after extraction. The Company has prepared a quarry restoration plan.

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

<u>Impairment of non-financial assets:</u> 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 amounts 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.

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

7. Standards issued but not yet effective

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements
The amendments to IFRS 1 allows an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment requires all dividends from a subsidiary, jointly controlled entity or associate to be recognised as income. There is no longer a distinction between pre-acquisition and post-acquisition dividends. Both revisions will be effective for financial years beginning on or after 1 January 2009. The revision to IAS 27 will have to be applied prospectively. The new requirements has no impact on the Company's financial statements.

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements
The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures. The changes inherent in IFRS 3R and IAS 27R does not have any impact on the Company's financial statements.

IAS 1 Revised Presentation of Financial Statements
The revised Standard was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company is still evaluating whether it will have one or two statements.

IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
These amendments to IAS 32 and IAS 1 were issued in February 2008 and become effective for financial years beginning on or after 1 January 2009. The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfil a number of specified features. The amendments to the standards will have no impact on the financial position or performance of the Company, as the Company has not issued such instruments.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
These amendments to IAS 39 were issued in August 2008 and become effective for financial years beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The Company has concluded that the amendment will have no impact on the financial position or performance of the Company, as the Company has not entered into any such hedges.

Improvements to IFRSs
As stated in Note 4 the Company has opted for early adoption of some of the amendments to standards following the 2007 'Improvement to IFRSs' project. The Company has not yet adopted the following amendments and anticipates that these changes will have no material effect on the financial statements.

- IFRS 7 Financial Instruments: Disclosures: Removal of the reference to 'total interest income' as a component of finance costs.
- IAS 8 Accounting Policies, Change in Accounting Estimates and Errors: Clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.

- IAS 10 Events after the Reporting Period: Clarification that dividends declared after the end of the reporting period are not obligations.
- IAS 16 Property, Plant and Equipment: Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.
- IAS 18 Revenue: Replacement of the term 'direct costs' with 'transaction costs' as defined in IAS 39.
- IAS 19 Employee Benefits: Revised the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment. Deleted the reference to the recognition of contingent liabilities to ensure consistency with IAS 37.
- IAS 20 Accounting for Government Grants and Disclosures of Government Assistance: Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Various terms have also been revised to ensure consistency with other IFRS.
- IAS 27 Consolidated and Separate Financial Statements: When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.
- IAS 34 Interim Financial Reporting: Earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.
- IAS 29 Financial Reporting in Hyperinflationary Economies: Revised the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. Various terms have also been revised to ensure consistency with other IFRS.
- IAS 39 Financial Instruments: Recognition and Measurement: Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Removed the reference in IAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge. Requires the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting.
- IAS 40 Investment Property: Revision of the scope such that property under construction or development for future use as an investment property is classified as investment property. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, revised of the conditions for a voluntary change in accounting policy to be consistent with IAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognised liability.
- IAS 41 Agriculture: Removed the reference to the use of a pre-tax discount rate to determine fair value. Removed the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Also, replaced of the term 'point-of-sale costs' with 'costs to sell'.

IFRIC 15 Agreement for the Construction of Real Estate
IFRIC 15 was issued in July 2008 and becomes effective for financial years beginning on or after 1 January 2009. The interpretation is to be applied retrospectively. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. IFRIC 15 will not have an impact on the financial statements because the Company does not conduct such activity.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 was issued in July 2008 and becomes effective for financial years beginning on or after 1 October 2008. The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. The interpretation will have no impact on the Company's financial statements.

8. Property plant and equipment

Property, plant and equipment, TZS '000	**Building**	**Production machinery & equipment**	**Other equipment**	**Capital items in stocks**	**Capital work-in-progress**	**Total**
Cost						
At 01 January 2007	1,150,320	31,152,063	4,370,027	420,601	4,657,730	41,750,741
Additions	195,076	1,551,965	1,650,700	179,481	30,898,413	34,475,634
Disposals	-	(15,008)	(268,752)	(90,489)	(699,952)	(1,074,201)
At 31 December 2007	**1,345,396**	**32,689,019**	**5,751,976**	**509,593**	**34,856,191**	**75,152,175**
At 01 January 2008	1,345,396	32,689,019	5,751,976	509,593	34,856,191	75,152,175
Additions	21,751	1,476,990	1,861,526	(60,089)	34,962,266	65,273,645
Transfers	8,858,221	18,132,980	-	-	(26,991,201)	-
Disposals	-	-	(121,219)	-	-	(121,219)
At 31 December 2008	**10,245,368**	**52,298,989**	**7,492,283**	**449,504**	**69,818,457**	**140,304,601**
Accumulated depreciation						
At 01 January 2007	366,426	8,882,880	3,328,458	-	-	12,577,764
Charge during the year	48,514	2,268,269	556,729	-	-	2,873,511
Disposals	-	(15,008)	(231,531)	-	-	(246,540)
At 31 December 2007	**414,941**	**11,136,140**	**3,653,655**	**-**	**-**	**15,204,736**
At 01 January 2008	414,941	11,136,140	3,653,655	-	-	15,204,736
Charge during the year	111,466	2,545,092	636,927	-	-	3,293,485
Disposals	-	-	(120,985)	-	-	(120,985)
At 31 December 2008	**526,407**	**13,681,232**	**4,169,597**	**-**	**-**	**18,377,236**
Net book value						
At 31 December 2008	**9,718,961**	**38,617,757**	**3,322,685**	**449,504**	**69,818,457**	**121,927,365**
At 31 December 2007	**930,455**	**21,552,879**	**2,098,320**	**509,593**	**34,856,191**	**59,947,439**

9. Revenues

TZS '000	2008	2007
Twiga extra	138,641,924	109,353,630
Twiga ordinary	12,460,435	11,807,249
Freight income	64,218	317,316
	151,166,577	121,478,195
Less: Freight outbound	(2,456,999)	(1,713,306)
	148,709,578	**119,764,889**

10. Other income

TZS '000	2008	2007
(Loss)/gain on disposal of property, plant and equipment	62,087	28,452
Rental income	312,262	55,428
Reversal of provisions	-	23,991
Other income	327,304	141,503
Bad debts recovery	5,000	-
	706,653	**249,374**

11. Cost of sales

TZS '000	2008	2007
Distribution costs	368,352	731,026
Variable costs	67,571,391	49,931,320
Fixed production cost	12,108,796	9,985,363
	80,048,539	**60,647,709**
Fixed production costs includes:		
Staff costs	4,131,785	3,603,446

12. Selling and marketing costs

TZS '000	2008	2007
Staff costs	269,866	212,158
Marketing, advertising and sales costs	485,423	716,388
Increase in provision for impairment of receivables	65,877	74,638
Other expenses	145,372	90,723
	966,538	**1,093,907**

13. Administrative expenses

TZS '000	2008	2007
Staff costs	2,758,416	1,688,758
Other administrative expenses	8,211,933	7,152,078
	10,970,349	**8,840,836**

14. Other expenses

TZS '000	2008	2007
Local government levies and taxes	1,217,477	363,106
Property taxes	21,018	16,818
	1,238,495	**379,924**

15. Financial costs

TZS '000	2008	2007
Interest on long term borrowing	156,379	64,810
Interest on short-term borrowing	25,645	67,823
Other interest expenses	-	19,698
Bank charges	176,275	203,512
	358,299	**355,843**

16. Gain/loss on foreign currency translation

TZS '000	2008	2007
Exchange gain - realised	25,830	4,795,407
Exchange gain - unrealised	7,084,388	234,548
Exchange loss - realised	(887,049)	(6,323,010)
Exchange loss - unrealised	(9,257,935)	(596,539)
	(3,034,766)	**(1,889,594)**

17. Intangible assets

TZS '000	2008	2007
This consist of computer software, whose movement is as follows:		
Cost		
At the beginning of the year	229,904	186,507
Additions	-	43,397
Write-offs	(1,043)	-
At the end of the year	**228,861**	**229,904**
Accumulated amortisation		
At the beginning of the year	185,932	158,099
Charge during the year	21,698	27,833
At the end of the year	**207,630**	**185,932**
Net carrying amount at the end of the year	**21,231**	**43,972**

The amortisation period left is 1 year.

18. Leashold land

TZS '000	2008	2007
At the beginning of the year	209,534	215,062
Additions	-	-
	209,534	215,062
Less: Amortisation for the year	(5,528)	(5,528)
At the end of the year	**204,006**	**209,534**

The remaining lease period for leasehold land is 38 years.

19. Cash and cash equivalents

TZS '000	2008	2007
Cash at bank - local currency	12,942,599	1,890,255
Cash at bank - foreign currency	5,939,695	18,762,425
	18,882,294	**20,652,680**

20. Inventories

TZS '000	2008	2007
Raw materials, additives, consumables and spare-parts	23,203,721	19,975,293
Work - in - progress	3,089,131	2,085,318
Finished goods and goods for resale		
- Twiga Extra Cement	828,153	662,448
- Twiga Ordinary Cement	133,044	140,279
Less: Provision for obsolete stock	(4,462,548)	(4,750,793)
	22,791,501	**18,112,545**
Movement in provision		
At 01 January	4,750,793	4,304,147
Addition	(288,245)	446,646
At 31 December	**4,462,548**	**4,750,793**
Write off of inventory	-	458,085

21. Trade receivables

TZS '000	2008	2007
Trade Receivables	3,023,050	2,857,953
Provision for impairment on receivables		
Balance brought forward	(434,963)	(412,213)
Amount written - off	-	51,888
Amount recovered	5,000	-
Charge during the year	(13,429)	(74,638)
Balance carried forward	(443,392)	(434,963)
	2,579,658	**2,422,990**
==>Neither past due nor impaired	2,016,396	1,859,565
==>Past due but not impaired		
Not impaired & overdue 1 - 60 days	359,748	550,696
Not impaired & overdue 61 -360 days	72,949	3,319
Not impaired & overdue > 360 days	130,565	9,410
	2,579,658	**2,422,990**

22. Other short-term operating receivables

TZS '000	2008	2007
Advances to suppliers	1,281,370	1,153,632
Prepaid expenses	128,304	186,999
Staff loans and advances	114,986	132,180
Other receivables	1,008,872	325,932
Less:		
Provision for impairment	(273,605)	(221,157)
	2,259,927	**1,577,586**

23. Share capital

TZS '000	2008	2007
Authorised 179,923,100 Ordinary Shares of TZS 20 each	3,598,462	3,598,462
Issued and fully paid up		
Shareholder:	Number of Shares	Number of Shares
Scancem International ANS	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**

24. Long-term financial liabilities

TZS '000	2008	2007
10% Long-term treasury loan	579,184	629,548
Current portion	(50,364)	(50,364)
Long-term portion	**528,820**	**579,184**
Interest payable	26,231	33,002
Total current portion	**76,595**	**83,366**

The loan of Tshs 1,082,822,619 was extended by the Government of the United Republic of Tanzania to Tanzania Portland Cement Company Limited in form of remission of sales tax and customs duty on all imported goods for the rehabilitation of Tanzania Portland Cement Company Limited under SIDA import support programme during the financial year 1988/1989, 1989/1990 and 1990/1991. The loan carries an interest of 10% per annum on the outstanding balance and is payable in semi annual equal instalments of TShs 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.

25. Other borrowings

TZS '000	2008	2007
HC Group Loan		
Opening balance	-	-
Received during the year	25,606,000	-
Interest payable	111,595	-
Loan repayment	-	-
Closing balance	**25,717,595**	**-**

The loan amount of Tshs 25,606,000,000 corresponds to USD 20,000,000 drawn from a credit facility made available from the HeidelbergCement Group Treasury. The credit facility is limited to a maximum of USD 55,000,000. The loan carries an interest on the outstanding amount corresponding to 3-month LIBOR plus 220 basis points per annum. Each drawdown is structured as a three month contract and rolled over at maturity. The loan agreement was concluded 22 May 2008 and the aggregate loan amount is due for repayment in instalments of USD 3,000,000 per month commencing 30 June 2009 with full repayment no later than 31 December 2010.

26. Trade and other payables

TZS '000	2008	2007
Trade payables - third parties	4,614,559	2,144,620
Trade payables - intercompany	12,910,681	9,457,320
Short-term operating payables	5,283,914	3,609,174
Payables for payroll and related costs	1,702,949	740,999
	24,512,103	**15,952,113**

Terms and conditions of the above financial liabilities:

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

27. Employee benefits

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

The company contributions during the year are as follows:

TZS '000	2008	2007
Endowment Scheme	289,310	238,520
Parastatal Pension Fund (PPF)	297,536	265,404
National Social Security Fund (NSSF)	109,618	72,857
	696,464	**576,781**

At year-end the following amount was payable to the Jubilee Insurance Company. It relates to the December contributions and have subsequently been paid.

TZS '000	2008	2007
Endowment Scheme	26,064	90,642

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

At the end of 2008 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 is recognised on a straight-line basis over the average period until the benefits become vested (13 years including 2008), while for the long-service award scheme all past service cost is recognised immediately (ref IAS 19.96 and 19.127).

Post-employment benefits, TZS '000	2008	2007
The amounts recognised in the balance sheet are as follows:		
Present value of unfunded obligations	3,413,293	177,708
Unrecognised past service cost	(2,674,915)	-
Net liability recognised in balance sheet	**738,378**	**177,708**
The amounts recognised in profit or loss are as follows:		
Current service cost	217,099	7,279
Interest on obligation	21,325	18,260
Recognised past service cost	332,191	-
Expense recognised in profit and loss	**570,615**	**18,260**
Changes in the present value of the post employment benefits are as follows:		
Opening balance (end-of-service benefits)	177,708	481,985
reclassification to other long-term benefits	-	(329,816)
current service costs	217,099	7,279
interest cost	21,325	18,260
past service cost	3,007,106	-
benefits paid	(9,945)	-
Closing balance (end-of-service benefits)	**3,413,293**	**177,708**

Other long-term benefits, TZS '000	2008	2007
Opening balance (long-service awards)	287,292	-
- reclassification from post-employment benefits	-	329,816
- change in provision for other long-term benefits	91,209	(42,524)
Closing balance (long-service awards)	**378,501**	**287,292**

Liabilities reported in the balance sheet	2008	2007
Post-employment benefits	738,378	177,708
Other long-term benefits	378,501	287,292
	1,116,879	**465,000**

Principal actuarial assumptions at the balance sheet date	2008	2007
Discount rate at 31 December	12%	12%
Future annual salary increases	7%	7%
Cost inflation	5%	5%

28. Other statutory payroll remittances

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

TZS '000	2008	2007
Skills and Development Levy	491,068	290,052

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

TZS '000	2008	2007
Pay As You Earn	2,112,810	1,370,025

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

TZS '000	2008	2007
Skills and Development Levy	123,106	38,132
Pay As You Earn	521,381	162,416

29. Related party transactions

During the year the Company entered into transactions with Scancem International ANS of Oslo, Norway which owns an equity stake of 69.25% in the Company. The Company imports raw materials, machinery, spare parts and services from/through the holding company on an arms-length basis. The Company's purchases during the year 2008 were as follows:

TZS '000		2008	2007
Related party transactions			
Goods:	Raw materials	31,089,429	22,944,563
	Spare parts	58,091,240	35,165,269
Services:	Management fees and services	1,635,634	1,554,584
Total amount traded		**90,816,303**	**59,664,416**
Related party balances			
Trade payables	Scancem International ANS	12,845,450	9,375,376
	Scancem Research AB	6,636	7,093
	HeidelbergCement AG	58,595	74,851
		12,910,681	**9,457,320**
Other Receivables -Scancem International ANS		657,467	73,117

Key management remuneration - Key management comprise of the Chief Executive Officer and other heads of departments.

	2008	2007
Salaries, allowances and benefits	2,685,538	2,283,071
Directors' remuneration	46,883	25,373
	2,732,421	**2,308,444**

30. Taxation

TZS '000	2008	2007
Tax expense		
Current year tax	11,813,742	14,159,269
Prior year taxes	87,153	300,433
	11,900,895	14,459,702
Deferred tax charge	3,329,735	(989,725)
	15,230,630	**13,469,977**
Reconciliation of tax expense to tax based on accounting profit:		
Accounting profit before taxation	50,192,950	43,581,562
Tax applicable rate of 30%	15,057,885	13,074,469
Additional tax assessed for previous years	87,153	300,433
Tax effect on non taxable/non deductible items		
Disallowable expenses	85,592	95,075
Tax expense	**15,230,630**	**13,469,977**
Deferred Taxation		
Accelerated depreciation for tax purposes	32,850,411	21,099,415
Provision for employee benefits	(1,116,878)	(465,000)
General provision	-	-
	31,733,533	20,634,415
Deferred tax liability thereon at 30%	9,520,060	6,190,325
Prior year taxes	-	-
Less: Opening deferred tax liability	(6,190,325)	(7,180,050)
Deferred tax (release)/expense	**3,329,735**	**(989,725)**
Tax (recoverable)/payable		
Tax payable brought forward	806,525	(953,369)
Tax charge for the year	11,813,742	14,159,269
Prior year taxes	87,153	300,433
Tax payments during the year	(11,742,413)	(12,699,808)
Tax (recoverable)/payable	**965,007**	**806,525**

31. Employees

The number of employees at the end of the year was 345 (2007: 312).

32. Comparative figures

Previous year's balances have been regrouped whenever appropriate for comparison purposes.

33. Incorporation

The Company is incorporated in Tanzania under the Companies Act No. 12 of 2002.

34. Holding company

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

35. Dividend per share

During the period, dividends relating to the profits for the year ended 31 December 2007 of TZS 43 per share (totalling TZS 7.74 billion) were declared and paid.

36. Commitments and contingencies

Capital commitment

In connection with the on-going expansion project, TPCC has entered into contracts for construction and equipment for the new production line. Invoiced amounts from these suppliers have been booked as capital work in progress. Outstanding commitments under these contracts 31 December 2008 were valued at 12.3 million US$ or TZS 15.8 billion.

Legal claims

Contingent liabilities relates to several court cases on land trespassing, alleged unfair termination of employment contracts and breach of business contracts all amounting to TZS 2,434,257,000.

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 ANS, have not been carried out at arm's length. On 24 February, the Company was informed that TRA has decided to conclude their audit by issuing assessments based on their audit report dated 18 December 2008. The Company intends to object to the expected assessment for "transfer pricing". While no assessment was received by the time these financial statements were finalized, management of the Company expect the assessment to be in the order of 5.5 billion TZS. The tax assessment for 2004 and the expected assessment for "transfer pricing" have not been provided for in the financial statements for 2008. All agreed items from the audit are provided for in the financial statements for 2008.

37. Earnings per share

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

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

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

	2008	2007
Profit attributable to ordinary equity holders (TZS' 1000)	34,962,320	30,111,586
Numbers of shares	179,923,100	179,923,100
Basic earning per share (TZS)	194.32	167.36
Diluted earning per share (TZS)	194.32	167.36

38. Financial risk management objectives and policies

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

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

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.

Liquidity risk: The Company does not face any liquidity risk as it has sufficient funds to cover its working capital needs for the foreseeable future.

Foreign currency risk: 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 and forward purchase of foreign currencies.

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

	Increase/decrease in the value of TZS vs. other currencies	Effect on profit before tax TZS'000
Net effect based on balance sheet as	+10%	+3,800,000
at 31 December 2008	-10%	-3,800,000

Interest rate risk: The Company has adopted a non- speculative approach to the management of interest rate risk.

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 all exports, full upfront payment is demanded. Accordingly, the Company has no significant concentration of credit risk that has not been adequately provided for.

Capital management
The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years end 31 December 2008 and 31 December 2007.

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 between 15% and 35%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

Electronic fund transfer service

This is to inform you that our agent CAD Securities Limited (CAD) has a service where dividends may be paid directly into your bank account. This service is a fast and efficient way to receive your payments. You will not have to go to the paying agent and cash your warrant, the dividend is simply paid into your bank account and CAD will send to you a Dividend Tax voucher which will indicate the gross payment, withholding tax payment and the net payment into your chosen account.

If you would like to utilize this service, please complete the form below and return to CAD Securities Limited.

Please note that CAD requires this information 3 weeks before payment date of dividend to ensure payment can be processed.

DIVIDEND MANDATE FORM

Please complete in BLOCK CAPITALS using black ink and return to CAD Securities Ltd.
P.O. Box 11488, Dar es Salaam.

A.	Name of Company in which shares are held	Tanzania Portland Cement Company Limited (Twiga)	
B	CDS A/C No	....	As indicated on your original depository receipt
C	Full name and address of the first named member	Name... Address..	As indicated on your CDS receipt
	Contract number	....	* If any
	* Email address	....	
D	Signatures This mandate must be signed by ALL registered members, executors and administrators	**Signature (1)** **Signature (3)**	**Signature (2)** **Signature (4)**

Please pay all future Dividend payments for the above company directly to the following Bank Account:

E	Name of Bank	....	The address of the Branch where your account is
F	Address of Bank	....	

Notes:

1. Payment in accordance with these instructions discharges CAD Securities Ltd and Tanzania Portland Cement Co. Ltd from any future liability.
2. CAD Securities Ltd and Tanzania Portland Cement Company Ltd. reserve the right to require additional confirmation of the signature.

Branch Sort Code...
Branch Location...
Account Number..

G Stamp of Bank/Building Society

The bank stamp is required to confirm that the signature(s) in box D is that of the shareholder(s) or an authorised signatory

Huduma ya kupitisha gawio kwenye akaunti ya benki

Tunapenda kukuarifu kwamba, wakala wetu CAD Securities Limited (CAD) wanatoa huduma kwa wanachama ya kupitisha gawio moja kwa moja kwenye akaunti za benki. Huduma hii ni ya haraka kwa ajili ya malipo. Hautaenda kwa wakala wa malipo kwa ajili ya kupokea gawio, utakuwa ukiingiziwa gawio lako moja kweneye akaunti yako ya benki. Hata hivyo, CAD watakuwa wakikutumia hundi yako kama kwaida, ikiwa inaonyesha kiasi cha gawio ulichopata, kodi uliyokatwa parmoja na gawio unalopaswa kulipwa baada ya kukatwa kodi.

Kama utapenda kutumia huduma hiyo, tunakushauri ujaze formu ya idhinisho la gawio iliyopo chini ya maelezo haya na kuirudisha CAD Securities Limited wiki tatu kabla ya gawio kutoka ili gawio lako linalofuata liweze kupitishwa katika akaunti yako ya benki.

FOMU YA IDHINISHO LA GAWIO

Tafadhali jaza kwa HERUFI KUBWA kwa kutumia wino mweusi na rudisha fomu hii CAD Securities Ltd.
S.L.P 11488, Dar es Salaam.

A.	Jina la Kampuni ambayo hisa zake zinamilikiwa	Tanzania Portland Cement Company Limited (Twiga)		
B	Namba ya CDS	....		Kama ilivyo onyeshwa kwenye stakabadhi halisi ya hisa
C	Jina kamili na Anuani ya mwanahisa mtajwa wa kwanza	Jina... Anuani...		Kama ilivyo onyeshwa kwenye stakabadhi halisi ya hisa
	Namba ya simu n.k	....		* Kama IPO
	* Email address	....		
D	Sahihi Idhinisho hili lazima lisainiwe na wanahisa waliosajiliwa, watendaji na watawala WOTE	**Sahihi (1)** **Sahihi (3)**	**Sahihi (2)** **Sahihi (4)**	

Tafadhali lipa moja kwa moja kwenye Account ya Banki iliyoko hapa chini gawio lolote la faida kutoka kwenye kampuni iliyotajwa hapo juu:

E	Jina la Benki	....	Anuani ya Tawi ilipo Akaunti yako
F	Anuani ya Benki	....	

Kumbuka:
1. Malipo kwa mujbu wa maagizo haya yanaiondolea CAD Securities Ltd na Kampuni ya Saruji (Twiga) uwajibikalji zaidi.
2. CAD Securities Ltd na Saruji (Twiga) wanayo haki ya kuhitaji sahihi nyingine kwa udhibitisho.

Namba ya Tawi...
Tawi mahali lilipo...
Namba ya Akaunti...

G Muhuri wa Benki

Mhuri wa benki ni kuthibitisha sahihi iliyoko/zilizoko kwenye sanduku D hapo juu kuwa ni ya mwanahisa au aliyeruhusiwa kusaini kwa niaba ya Kampuni/Taasisi

twiga cement
HEIDELBERGCEMENT Group

PROXY FORM

For use at the Annual General Meeting of

Tanzania Portland Cement Company Ltd.

I/We ____

of (Address) ____ a shareholder/shareholders of Tanzania Portland Cement Company Ltd., hereby appoint (note 1)

____

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

Kempinski Hotel,
Dar es Salaam
on 5th May 2009
at 14:00 Hrs

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 be stated.*
3. *To be valid, the form of proxy must be lodged at the offices of the Company's Register, namely CAD Securities Ltd. not less than 24 hours before the time appointed for meeting or adjourned meeting and must be accompanied by any power of attorney or other authority under which it is signed or by an officially certified copy of such power of authority.*
   Completion and return of a form of proxy will not preclude a member from attending and voting in person if he so wishes.

Form to be returned to:

CAD Securities Limited
P.O. Box 11488
Dar es Salaam
Tel: 2123030
Fax: 2127622
Email: info@cadsecurities.com

twiga cement
HEIDELBERGCEMENT Group

FORMU YA MWAKILISHI

Kwa matumizi kwenye Mkutana 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

Kempinski Hotel,
Dar es Salaam
Tarehe 05.05.2009
Saa 8:00 Mchana

Kama shahidi saini yangu/zetu leo.

Sahihi ____ Tarehe __________________________________

Zingatia Yafuatayo:

1. *Ikiwa mteuzi ni shirika au kampuni, formu 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, sahii ya mwanahisa mmoja inakubalika endapo majina ya wamiliki wote wa hisa yameorodheshwa kwenye formu ya uwakilishi.*
3. *Ili ikubalike, formu ya uwakilishi inapaswa iwe imejazwa na kufikishwa kwa wakala wetu CAD Securities Limited si chini ya masaa 24 kabla ya muda uliopagwa kwa ajili ya mkutano au kuahirishwa kwa mkutano, na lazima isainiwe na mwa nasheria au mamlaka yeyote husika. Kujazwa na kurudishwa kwa formu hakumzuii mwanachama kuhudhuria na kushagua kama anataka kufanya hivyo..*

Fomu irudishwe:
CAD Securities Limited
P.O. Box 11488
Dar es Salaam
Tel: 2123030
Fax: 2127622
Email: info@cadsecurities.com

Tanzania Portland Cement Company Ltd.
P.O. Box 1950, Dar es Salaam, Tanzania
Tel: +255 22 2630130; Fax: +255 22 2630139
www.twigacement.com
info@twigacement.com