twiga cement

HEIDELBERGCEMENT Group

Tanzania's Preferred Cement

TANZANIA PORTLAND CEMENT COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

2012

2012

i

Our products are known to assist construction workers in producing the best results in their work - Builders at Sea Breeze Apartments construction site.

	2008 TZS '000	2009 TZS '000	2010 TZS '000	2011 TZS '000	**2012 TZS '000**
Number of employees (yearly average)	322	342	358	356	**358**
Revenue	148,709,578	178,999,595	199,600,699	217,258,974	**249,111,727**
Operating income before depreciations	56,480,555	79,479,085	85,859,299	83,120,654	**103,326,150**
Operating income	53,159,844	71,982,795	75,881,736	72,771,794	**91,366,223**
Profit/loss for the financial year	34,962,320	47,992,970	50,205,052	50,605,262	**62,578,589**
Earnings per share (TZS)	194.32	266.74	279.04	281.26	**342.25**
Dividend per share (TZS)	70.00	130.00	139.51	180.00	**185.00**
Total investments in fixed assets	65,273,645	27,904,244	6,082,331	23,622,977	**14,232,524**
Depreciation and amortisation	-3,320,711	-7,496,290	-9,977,563	-10,348,860	**-11,959,927**
Non-current assets	122,152,602	142,383,084	138,879,244	152,494,631	**154,752,310**
Current assets	46,513,380	49,953,054	78,290,725	100,173,774	**123,077,973**
Equity	106,115,859	141,514,212	168,329,261	186,875,852	**213,029,613**
Non-current liabilities	11,165,759	24,168,847	25,728,556	26,328,913	**33,351,255**
Current liabilities	51,384,363	26,653,078	23,112,152	39,463,640	**31,449,415**
Balance Sheet Total	168,665,982	192,336,138	217,169,969	252,668,405	**277,830,283**
Memo items:					
- Average exchange rate TZS/USD	1,193	1,319	1,412	1,585	**1,615**
- Closing exchange rate TZS/USD	1,280	1,327	1,470	1,613	**1,626**

Financial Highlights

2012

Operating Financial Review

2012

Contents

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

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

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

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

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

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

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

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

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

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

KPMG
P.O. Box 1160
Dar es Salaam

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

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 Makao Makuu
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
Makao Makuu
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

KATIBU WA KAMPUNI
Bw. Elieneza Amon
P.O. Box 1950
Dar es Salaam

WASHAURI WA MASWALA YA KODI
Paul Clem & Associates
Nexia International
P. O. Box 4082
Dar es Salaam
KPMG
P.O. Box 1160
Dar es Salaam

WAKAGUZI WA HESABU ZA KAMPUNI
Ernst & Young
Mhasibu wa Umma aliyedhibitishwa
Utali Building
P.O. Box 2475
Dar es Salaam

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 2012 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 TZS185 per share (2011 TZS 180). The amount includes TZS 50 per share paid in October 2012 as interim dividend

Jean-Marc Junon

CHAIRMAN
Tanzania Portland Cement Company Limited

Kwa Wanahisa
Tanzania Portland Cement Company Limited

Barua ya Kuwasilisha

Wakurugenzi wa Kampuni wanayo furaha kuwasilisha kwenu Taarifa ya Mwaka ya Kampuni kwa kipindi cha mwaka ulioishia Decemba 31, 2012, kwa mujibu wa ibara ya 166 ya Sheria ya Kampuni ya mwaka, 2002.

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

Bodi ya Wakurugenzi inapendekeza gawio la TZS 185 kwa kila hisa kwa mwaka 2012 (2011 TZS 180). Kiasi hicho kinajumuisha gawio la TZS 50 kwa hisa lililolipwa mwezi Oktoba 2012 kama gawio la awali.

Jean-Marc Junon

MWENYEKITI
Tanzania Portland Cement Company Limited

Mr. Jean-Marc Junon,
Chairman - Twiga Cement

Introduction

Tanzania Portland Cement Company Ltd (TPCC) maintained its leadership position in the market though it faced increased competitive environment.

Economic and Business Environment

With a GDP growth of about 6.8% in 2012 the Tanzanian economy grew at the same pace as in the previous years. The construction sector, however, grew at a rate of around 8%. In the year under review, the Tanzanian Shilling was relatively stable compared with the major trading currencies, depreciating by less than 1% against the USD.

Competition in the Cement industry intensified. TPCC and the other local producers are still exposed to the imports of subsidized cement as the EAC Governments decided for the 4th time not to re-instate suspended duties on cement in the Common External Tariff. Whereas, the industry is ready to face competition, it is hoped that such competition will be a fair one.

Financial Performance

TPCC managed to increase dispatched volumes by 5% compared with the previous year, and the turnover increased by about 15%. The increase in Cost of Sales is mainly due to inflation and energy costs. With improved efficiency in the operation, the Operating Income increased by over 25% compared with the previous year, and the Net Profit after tax increased by about 22%.

Prospects

TPCC is well positioned to maintain its market leadership and is in the process of further increasing its capacity. The upgrade of one of the old kilns has just been completed, and the Board has also approved the construction of a new cement mill which is expected to be completed by mid-2014 and will make TPCC the biggest production unit in the sub-region. In 2013, TPCC will also enter into a new business by producing aggregates, to supply the growing construction sector

Chairman's Statement

Dividend

The Board proposes a dividend for 2012 of TZS 185 per share. This is an increase of 2.9% compared to the previous year dividend of TZS 180 per share. The proposed dividend represents 55% of the Net Income for the year.

Corporate Citizenship

TPCC reaffirms its commitment to the principles of good governance and Citizenship. We recognize and accept our responsibility to work with various stakeholders, including government, to foster sustainable economic growth, safe working conditions, ensure environmentally sound business practices, provide adequate employee welfare, and deliver acceptable returns to our shareholders.

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

Finally, I wish to express my appreciation to my fellow Board members, management and staff of TPCC for their work and dedication, as well as to our customers, suppliers and other stakeholders for their loyalty and support in 2012.

Utangulizi

Kampuni ya Saruji Tanzania (TPCC) imeshikilia uongozi wake katika soko la saruji japo ilikabiliwa na ongezeko la mazingira ya ushindani.

Mazingira ya Uchumi na Biashara:

Kwa ukuaji wa pato la taifa wa 6.8% katika mwaka 2012, uchumi wa Tanzania umekua kwa kiwango kilekile cha miaka iliyopita. Hata hivyo, sekta ya ujenzi imekua kwa kiwango cha 8%. Katika mwaka huu shilingi ya Tanzania ilikuwa thabiti ikilinganishwa na sarafu kuu duniani ikishuka thamani kwa kiwango cha chini ya 1% ikilinganishwa na Dola ya Kimarekani.

Ushindani katika soko la saruji ulizidi kuongezeka. TPCC na wazalisha saruji wengine nchini waliendelea kuathiriwa na saruji inayoingizwa nchini toka nje ya nchi kwani serikali za Jumuia ya Afrika Mashariki zimeamua kutorejesha ushuru wa ziada kwa saruji inayotoka nje. Japo tupo tayari kukabiliana na ushindani inatarajiwa ushindani uwe wa haki.

Utendaji Kifedha:

Kampuni ilifanikiwa kuongeza usambazaji kwa 5% ikilinganishwa na 2011 na mauzo yaliongezeka kwa 15%. Ongezeko la gharama za mauzo, limetokana kwa kiasi kikubwa na mfumuko wa bei na gharama za nishati. Kufuatia ongezeko la ufanisi wa uendeshaji, faida ya uendeshaji iliongezeka kwa 25% ikilinganishwa na 2011 na faida baada ya kodi ya mapato iliongezeka kwa 22%.

Matarajio:

Kampuni iko katika nafasi nzuri ya kudumisha uongozi wake sokoni na iko katika mchakato wa kupanua uzalishaji. Mradi wa kuboresha moja ya matanuru ya zamani umekamilika na Bodi ya Wakurugenzi imeidhinisha ujenzi wa kinu kipya cha saruji kinachotarajiwa kukamilika katikati ya mwaka 2014 na hivyo kuifanya TPCC kuwa mzalishaji mkubwa zaidi wa saruji katika kanda hii. Kampuni pia itaanzisha mchepuo mpya wa biashara kwa kuzalisha kokoto kwa ajili ya sekta ya ujenzi inayokua.

Gawio:

Bodi ya Wakurugenzi inapendekeza gawio la TZS 185 kwa hisa. Hili ni ongezeko la 2.8% ikilinganishwa na gawio la 2011 la TZS 180 kwa hisa. Gawio lililopendekezwa ni 55% ya faida ya mwaka 2012.

Uraia Mwema:

Kampuni inasisitiza dhamira yake ya kuendesha shughuli zake kwa misingi ya utawala bora na uraia mwema. Tunatambua na kukubali wajibu wa kutekeleza majukumu yetu kwa kushirikiana na wadau mbalimbali ikiwemo serikali katika ukuaji endelevu wa uchumi, kuweka mazingira salama sehemu ya kazi,kuhakikisha utunzaji mazingira, kuboresha maslahi ya wafanyakazi na kuwapa wamiliki kipato cha kuridhisha.

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

Hitimisho:

Mwisho napenda kuwashukuru wakurugenzi wenzangu, uongozi wa kampuni na wafayakazi kwa kazi yao na kujituma, pia wateja wetu, wagavi na wadau wengine kwa uwajibikaji na kutuunga mkono mwaka 2012.

Introduction

Despite stiffening competition, the Company managed to create additional value for its shareholders by increasing its turnover and keeping costs under control. The finalized rehabilitation of kiln 3, increasing the clinker production with 250,000 tonnes per annum will end dependency on clinker imports and place TPCC in a prime position to continue satisfying the growing demand of its customers. With the additional capacity of 700,000 tonnes of cement brought by Cement Mill 5 in the middle of next year and the imminent start of its aggregates business, Twiga Cement is continuously strengthening its leadership position in construction materials in Tanzania.

Sales

With the return of stable power supply, the activity in the construction sector has been on the increase since beginning of the year. This translated into a growth of the sector of approximately 8% with a growth of cement market of approximately 10% to 2.7 Million tonnes in the year. While still being exposed to the unfair competition of imported cement from Pakistan benefiting from duty exemption and subsidies, TPCC also had to face very stiff competition in the market. In October 2012, fire hit the electrical installations of the old cement mills 1, 2 and 3, causing up to one month stoppage of these installations and limiting volumes available for dispatch to customers. Because of this, TPCC sales only increased by 5%.

The growth of sales was divided amongst the entire territory of the country while our entry into the Northern and Southern zones allowed us to see the strongest progression there. The fast growing market of Lake Region saw the highest increase. The strategy will remain unchanged in the coming years as we aim at making our product available at a competitive price in all locations in Tanzania and beyond borders.

Focus on customer needs and satisfaction has also translated in tailor-made delivery solutions and enhanced customer technical support. TPCC wants more than ever to stand next to its customers, assisting them in their business.

Mr. Pascal Lesoinne
Managing Director
Twiga Cement

Operations

The improved power supply situation allowed TPCC to have better running of the installations in 2012. Notably, the kiln 4 produced approximately 750,000 tonnes of clinker over the period, this being very close to its designed capacity. The start-up of kiln 3 after its rehabilitation brings an additional 300,000 tonnes of clinker capacity, making TPCC free from clinker imports in the coming years. Performance of the cement mills was also improved but the above mentioned fire outbreak at cement mills 1, 2 and 3 negatively affected the results and created a very difficult situation in the months of October and November. The decision of the Board of TPCC to approve the construction of Cement Mill 5 is therefore coming right in time as the 700,000 tonnes of capacity brought by this installation will place Twiga Cement in a position to serve the growing demand for cement in the country.

Financial performance

With an increase in dispatched volumes of 5%, the turnover increased by 15% compared to 2011. The improved operations of the equipment has translated in a controlled increase of production costs, leading to an increase of net profit of 22 %.

Following on the tax assessment issue developed in last year's report, TPCC has kept on discussing the matter with TRA and managed to reduce substantially the disallowed amounts claimed by the tax authorities. The bone of contention is now reduced to approximately TZS 1.7 b from the initial TZS 9 b and the discussions are still on-going as TPCC believes that it still has good arguments to bring this further down.

Corporate Citizenship

In 2012, the Corporate Social Responsibility (CSR) program of TPCC encompassed, as usual, the assistance to those in need but also to further progress on environmental, health and safety issues. Besides the various donations to orphanages, schools and dispensaries, Twiga Cement was proud to inaugurate classrooms at the Kighare School where new classrooms and science laboratory are under construction with the support of the parent company of TPCC, HeidelbergCement Group. The Christmas Party where 200 orphans of Dar-es-Salaam where hosted by Her Excellency S. Kikwete for a memorable day combining fun and education has also been another landmark in the year 2012.

In the field of environment, the Tree Nursery Project is still active with the support of the German Technical Cooperation GIZ. More than 78,000 trees have been grown and 15,000 of these have been donated to environmental NGO's going as far as Arusha. The visit of Dr Jane Goodall and the partnership with Jane Goodall Institute have also fostered progress in this field.

Finally, one of the major achievements of TPCC this year has been the successful certification of the company to the OHSAS 18801 standards, recognizing the efforts made by all employees to promote an injury-free workplace at Wazo Hill. TPCC is joining the very limited number of companies certified ISO 9001, ISO 14001 and OHSAS 18001 in Tanzania.

Utangulizi

Licha ya ushindani kuongezeka, Kampuni iliweza kuongeza thamani zaidi kwa wanahisa wake kwa kuongeza mauzo na kudhibiti gharama za uendeshaji. Kukamilika kwa ukarabati wa tanuru namba 3 kumeongeza uzalishaji wa klinka kwa tani 250,000 kwa mwaka. Hii inahitimisha uagizaji wa klinka toka nje na kuiweka Kampuni katika nafasi nzuri ya kuendelea kukidhi mahitaji ya wateja yanayoongezeka. Ongezeko la uzalishaji wa tani 700,000 za saruji kutokana na kinu namba 5 kinachotarajiwa kuanza uzalishaji katikati ya mwaka ujao na kuanzishwa kwa mchepuo mpya wa biashara ya kokoto vitaifanya Kampuni izidi kuimarisha uongozi wa soko la vifaa vya ujenzi nchini Tanzania.

Mauzo:

Kuimarika kwa ugavi wa umeme nchini kumeongeza harakati za ujenzi tangu mwanzoni mwa mwaka. Hii imepelekea kukua kwa sekta ya ujenzi kwa 8% na ongezeko la mahitaji ya saruji kwa 10% hadi kufikia tani milioni 2.7 mwaka huu. Licha ya kukabiliwa na ushindani usio linganifu kutokana na saruji ya Pakistani ambayo inapata ruzuku na msamaha wa ushuru. Kampuni pia ilikabiliwa na ushindani mkali sokoni. Mwezi Oktoba 2012 moto ulizuka katika mitambo ya umeme ya vinu namba 1, 2 na 3 na kusababisha vinu hivyo kusimama kwa karibu mwezi mzima. Hii iliathiri usambazaji kwa wateja, hivyo usambazaji uliongezeka kwa 5% tu.

Usambazaji wa saruji uliongezeka katika maeneo yote ya nchi na kumekuwa na ukuaji wa kuridhisha katika kanda ya Kaskazini na Kusini. Soko la kanda ya Ziwa linalokua kwa kasi lilionyesha ongezeko kubwa zaidi. Mkakati huu hautabadilika kwa miaka ijayo kwani tumekusudia kueneza bidhaa zetu Tanzania nzima na hata kuvuka mipaka.

Kulenga mahitaji ya wateja na kuwaridhisha kumetufanya tubuni namna bora ya kusambaza bidhaa kwa wateja na maelekezo ya namna ya kutumia bidhaa hizo. TPCC inataka kuwa karibu na wateja wake kuliko wakati mwingine ikiwasaidia katika biashara zao.

Uendeshaji:

Kuimarika kwa ugavi wa nishati ya umeme kulituwezesha kuendesha mitambo vizuri zaidi mwaka 2012. Ufanisi wa tanuru namba 4 uliongezeka sana kwa kuzalisha karibu tani 750,000 ambazo zinakaribia sana uwezo wa tanuru hilo. Kuwashwa kwa tanuru namba 3 baada ya ukarabati kumeongeza tani zingine 250,000 za klinka na kuifanya Kampuni iachane na utaratibu wa kuagiza klinka kutoka nje kwa miaka ijayo. Ufanisi wa vinu vya saruji pia uliongezeka, lakini ajali ya moto iliyotokea kwa vinu namba 1, 2 na 3 iliathiri faida na kupelekea hali mbaya sana kibiashara kwa miezi ya Oktoba na Novemba 2012. Uamuzi wa Bodi ya Wakurugenzi wa kuidhinisha ujenzi wa kinu namba 5 umekuja kwa wakati muafaka. Uzalishaji wa tani 700,000 kutokana na mtambo huo utaiweka TPCC katika nafasi nzuri ya kuhudumia mahitaji ya saruji yanayoongezeka nchini.

Ufanisi Kifedha:

Kutokana na ongezeko la 5% la usambazaji wa saruji, mauzo yaliongezeka kwa 15% ikilinganishwa na 2011. Aidha kutokana na kuongezeka kwa ufanisi wa uendeshaji ongezeko la gharama za uzalishaji lilidhibitiwa na kuwezesha faida kuongezeka kwa 22%.

Kuhusu suala la makadirio ya ziada ya kodi lililojitokeza katika taarifa ya mwaka uliopita, TPCC imeendelea kujadiliana na TRA na kufanikiwa kupunguza kwa kiasi kikubwa madai yaliyokataliwa na mamlaka ya kodi. Kiasi kilichosalia ni karibu TZS 1.7 bilioni kutoka bilioni 9 za awali. Mazungumzo yanaendelea kwani Kampuni inaamini ina sababu za msingi za kupunguza makadirio hayo zaidi.

Uraia Mwema:

Mwaka 2012, mpango wa Kampuni wa uraia mwema ulijikita kama kawaida kuwasaidia wenye dhiki lakini pia kuendeleza masuala ya mazingira, afya na usalama.

Mbali ya misaada iliyotolewa kwa vituo vya yatima, mashule na zahanati, Kampuni iliona fahari kuzindua vyumba vya madarasa katika shule ya Kighare ambapo madarasa mapya na maabara yanaendelea kujengwa kwa ushirikiano na Kampuni mama yaani HeidelbergCement Group. Aidha Kampuni iliandaa tafrija ya kumbukumbu ya Krismasi kwa watoto yatima wapatao 200 ambapo Mheshimiwa Mama Salma Kikwete alikuwa mgeni rasmi. Tafrija hii ilijumuisha michezo na elimu kwa watoto jambo ambalo lilionekana la kipekee kwa mwaka 2012.

Kwa upande wa mazingira, mradi wa kitalu cha miche ya miti (Tree Nursery Project) bado unaendelea kwa ushirikiano na asasi ya Ujerumani GIZ. Zaidi ya miti 78,000 imepandwa na mingine 15,000 imetolewa kwa mashirika yasiyo ya kiserikali ya mazingira ambayo yamesambaa hadi Arusha. Ujio wa Dr. Jane Goodall na ubia na taasisi ya Jane Goodall pia vimechochea maendeleo katika eneo hili.

Hitimisho:

Mwisho, moja ya mafanikio makuu ya Kampuni mwaka huu ni kuweza kuthibitishwa chini ya viwango vya kimataifa OHSAS 18001 ikiwa ni kutambua juhudi za wafanyakazi wote kupafanya Wazo Hill kuwa sehemu salama ya kazi. TPCC inajiunga na idadi ndogo ya kampuni zilizopata vyeti vya ISO 9001, ISO 14001 na ISO 18001 kwa pamoja nchini Tanzania.

Preparation for concrete pavement on the Dar es Salaam Bus Rapid Transport (BRT).

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 positions, from plant management to directorship of strategic business planning & development, based in Europe and South-East Asia / China. He joined the HeidelbergCement Group in 2001 as Chief Operating Officer (COO) in charge of China. Since end of 2004 he has been COO for HeidelbergCement Africa. Mr. Junon chairs or sits on the Boards of several other companies in the Group.

Mr Pascal Lesoinne, Belgian
(Civil Eng.Energy, B.Sc. in Mechanical and Electrical Engineering)
Mr. Pascal Lesoinne was appointed Managing Director of TPCC and Area Manager for East Africa in September 2009. He joined HeidelbergCement in 1996 as Maintenance Manager of the CBR Lixhe plant in Belgium. He held various positions in CBR and HeidelbergCement TEAM organization, from Maintenance to Production Management and Project Management. Being responsible for the Expansion Project at TPCC since 2007, Mr Lesoinne successfully completed this assignment in 2009.

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

Mr. George Fumbuka, Tanzanian
(MBA Finance from the University of Strathclyde Business School, FCCA)
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 also a Board Member of Swissport Tanzania Limited, another listed company, and of the Tanzania National Parks Corporation (TANAPA). He is registered by the National Board of Accountants and Auditors in the category of Certified Public Accountant in Public Practice.

Mr. William A. Mlaki, Tanzanian
(M.Sc Degree in Industrial and Agro-Industrial Management, and BA (Hons) in Economics)
Mr. William A. Mlaki has over thirty five years experience in development banking. He is currently an independent business advisor after retiring as the Managing Director of Tanzania Investment Bank in 2009. Mr. Mlaki has served as a member of the Boards of Directors of a number of companies and financial institutions within and outside Tanzania.

Mr. Daniel Gauthier, Belgian
(Civil Eng. Mining, Master Degree in Management, Civil Engineer)
Mr. Gauthier has 31 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 Polytech Mons Alumni, Board Member of LVI (Carmeuse Group), Member of Cembureau Board and Member of the Committee of the Science Academy of Belgium for the Application of the Science. He is also Board Member of HeidelbergCement Northern Europe (Sweden), Akçansa (Turkey), and CCC (China).

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, mipango mkakati ya kibiashara na maendeleo. Alipanda ngazi hadi kufikia cheo cha Meneja Maendeleo ya Biashara kanda ya Asia Kusini Mashariki na China kabla ya kuacha kazi Italcementi mwishoni mwa mwaka 2000. Alijiunga na kundi la makampuni la HeidelbergCement Group mwaka 2001 kama Afisa Mkuu Uendeshaji katika China. Sasa hivi ni Afisa Mkuu Uendeshaji wa HeidelbergCement Africa. Bw. Junon ni mwenyekiti au mjumbe wa bodi mbalimbali za makampuni yaliyo chini ya kundi la makampuni ya HeidelbergCement

Bw. Pascal LESOINNE, Mbelgiji
(Mhandisi Mitambo
Bw. Pascal Lesoinne aliteuliwa mwezi Septemba 2009 kuwa Mkurugenzi Mtendaji wa TPCC na Meneja wa Kanda ya Afrika Mashariki ya HeidelbergCement. Alijiunga na HeildelbergCement mwaka 1996 akiwa na wadhfa wa Meneja Matengenezo katika Kiwanda cha CBR Lixhe nchini Ubeljiji. Amewahi kushika nyadhfa mbalimbali katika Kampuni ya CBR na HeidelbergCement Kanda ya Uturuki-Ulaya-Afrika-Mediterania katika nyanja za Matengenezo, Uzalishaji na Usimamiaji Miradi. Alikuwa Msimamizi Mkuu wa ujenzi wa Kiwanda kipya cha saruji hapa TPCC; kazi ambayo aliikamilisha kwa mafanikio makubwa mwaka 2009.

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

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

Bw. William A. Mlaki, Mtanzania
(Shahada ya Uzamili ya Sayansi katika Uongozi waViwanda na Viwanda vya Kilimo)
Bw. William A. Mlaki ana uzoefu wa zaidi ya miaka thelathini na mitano katika fani ya benki za maendeleo. Bw. Mlaki kwa sasa ni mshauri wa kujitegemea katika masuala ya biashara. Hii ni baada ya kustaafu kama Mkurugenzi Mtendaji wa Benki ya Rasilimali Tanzania mwaka 2009. Pia amekuwa Mkurugenzi wa Bodi katika makampuni mbalimbali na taasisi za fedha hapa Tanzania na nje ya nchi

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

Twiga Cement, Management Team

The directors have the pleasure in submitting their report, together with the audited financial statements of the Company for the year ended 31 December 2012.

1. PRINCIPAL ACTIVITIES

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

2. DIRECTORS

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

Name	Title	Nationality	Age	Qualification
Mr. Jean-Marc Junon	Chairman	French	56	BSc (Civil Eng)
Mr. Pascal Lesoinne	Director	Belgian	40	BSc (Mech. Eng)
Mr. William Mlaki	Director	Tanzanian	65	BA (Hons) Econ, MSc
Mr. George Fumbuka	Director	Tanzanian	59	MBA, FCCA
Mr. Daniel Gauthier (	Director	Belgian	55	BSc (Mining), MBA Arne-Jørg Selen – Alternate to Daniel Gauthier)
Mr. Ola Schippert	Director	Swedish	52	MBA (resigned on 05/12/2012)
Mr. Gary White-head	Director	British	43	FCCA (appointed on 05/12/2012

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

3. BOARD COMMITTEES

AUDIT COMMITTEE

The Audit Committee members who served during the year were:

Name	Nationality	Qualification
Mr. Ola Schippert	Swedish	MBA (resigned on 05/12/2012)
Gary Whitehead	British	FCCA (appointed on 05/12/2012)
Mr. George Fumbuka	Tanzanian	MBA, FCCA
Mr. Arne- Jørg Selen	Norwegian	MBA, LLB

4. DIRECTOR'S INTEREST IN THE SHARES OF THE COMPANY

	Number of shares
Mr. William Mlaki	71,411

5. DIRECTORS' REMUNERATION

The Company paid a total of TZS 65,332,000 (2011: TZS 53,140,000) for services rendered as directors of the Company and members of the Audit Committee.

6. KEY MANAGEMENT PERSONNEL OF THE COMPANY

The key management personnel who served the Company during the year ended 31 December 2012 were:

Name	Title
Pascal Lesoinne	Managing Director
Ignatius Asare	Director of Finance & Administration
Jayne Nyimbo-Taylor	Director of Human Resources
Ekwabi Majigo	Sales and Marketing Director
Tom Dijkstra	Plant Manager
Per-Ove Andersson	Project Manager
Jean-Marc Reginster	Operations Manager
Gunnar Hedin	Maintenance Manager
Elieneza Amon	Internal Audit & Quality Assurance Manager
Flora Njau	Procurement Manager
Richard Magoda	Environmental Manager
Alfred Anthony	Health & Safety Manager

7. REVIEW OF THE BUSINESS

The Company recorded an increase in sales volume of 5% from 2011 to 2012. The turnover amounted to TZS 249.1 billion, an increase of about 15% compared to 2011. (2011: turnover TZS 217.3 billion). The Company made a total operating profit of TZS 91.2 billion compared to TZS 72.6 billion in 2011, an increase of 26%. Profit before taxation increased from TZS 72.8 billion in 2011 to TZS 92.3 billion in 2012. After the effect of income tax of TZS 30.8 billion (TZS 22.2 billion in 2011), the net profit after taxation came to TZS 61.6 billion (TZS 50.6 billion in 2011). Total comprehensive income amounted to TZS 60.3 billion (TZS 50.8 billion in 2011).

The operating result is shown on page 26 of these financial statements.

8. FUTURE PROSPECTS OF THE COMPANY

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

The Board has approved investment in a new cement mill. With this new expansion the company will become the biggest cement producer in East Africa.

The Board has also approved an investment in a new business line to produce aggregates (Twiga Aggregates).

9. SOLVENCY EVALUATION

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

10. ENVIRONMENTAL CONTROL PROGRAMME

Quarry Rehabilitation

In line with the Company's Environmental Policy in which there is a commitment to re-naturalise the quarry, TPCC embarked on a three year public/private partnership with GTZ to rehabilitate parts of the quarry that have previously been mined. Approximately 730,000 square metres are to be replanted. As at 31 December 2012, there were 48,469 seedlings in the nursery. During the course of the year 2012, 13,282 seedlings were planted in the quarry with a survival rate of 84%. The total number of trees donated to various stakeholders by the end of December 2012 was 7,841. This partnership also has a training component on the importance of conservation and rehabilitation for the surrounding communities in Dar es Salaam. Since the beginning of the project, TPCC has conducted five awareness raising events.

ISO 14001:2004 (Environmental Management System)
TPCC continues to maintain the ISO 14001 certification. A surveillance visit took place in March 2012, and the Company continues to strive to improve its Environmental Management Systems by keeping abreast with Environmental trends, and closing off all corrective action requests within the specified time. A re-certification audit was carried out in February 2013 and was successful.

Emissions Monitoring
Emissions monitoring took place in December 2012 for all operating kilns. The results for dust and gases for two operating kilns were in full compliance with Tanzania National Standards and in line with IFC/World Bank standards for dust emissions; NOx and SOx.

All cement industries with old process lines containing Low Efficiency Electrostatic Filters (ESP's) in Tanzania have been given up to December 2013 to ensure that full rehabilitation and upgrade take place to minimise emissions.

The Company is planning to rehabilitate one of its old process lines (Kiln 2). The rehabilitation involves, among others, replacement of the old ESP's with modern and more efficient bag filters.

11. HEALTH AND SAFETY

The Company implements an Occupational Health and Safety Management System (OHSMS) as part of risk management strategy. The campaign for the implementation started in January 2011 and the Company successfully obtained certification of Occupational Health and Safety Management System, OHSAS 18001:2007 in December 2012. Thus TPCC becomes the first cement factory in Tanzania to have OHSAS 18001:2007 certification.

12. MAJOR EVENTS

a. The demand for cement continued to grow in Tanzania in 2012. TPCC's cement sales and production volumes again reached all-time high.

b. The full rehabilitation of one of the old kiln lines was completed in July 2012. With its completion, the Company will be able to cope with the increased demand of cement clinker.

c. Investment in a new cement mill (CM5) was approved in December 2012.

d. Investment in a new business line (Twiga Aggregates) was approved in December 2012.

e. The Company obtained OHSAS 18001 (Occupational Health and Safety Management System) certification in December 2012. By this, the Company is implementing a formal procedure to reduce the risks associated with health and safety, accidents in the work place and any breach in legal requirements.

f. After the Company in October 2006 won the case brought against 933 trespassers occupying the Company's land, the appeal process was concluded in 2010 in favour of the Company. The Company is therefore working towards the eviction and repossessing the land. Necessary expansion of the quarry operation will take place after all the due processes are completed.

g. The Tanzania Revenue Authority (TRA) issued additional tax assessments covering 2004 to 2006 to compensate for alleged incorrect transfer pricing practices. The additional assessments amounted to about TZS 9 billion. The Company has filed objections to the assessments. The objections are still pending with TRA.

h. Contrary to earlier commitment, the Government completely removed the suspended duty on imported cement in July 2008, leaving the Tanzanian cement manufacturers vulnerable to imported cement at dumping prices. The policy communicated by the Government to the Company before it decided to invest in the expansion project was that the suspended duty would only be gradually reduced (by 5 percentage points per year) down to 25% in 2010 and would remain unchanged thereafter. As a consequence of the government's decision, imported cement continued to pose a challenge to local manufacturers.

13. EMPLOYEE WELFARE

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

b. Staff strength and gender parity
The Company had 358 employees, out of which 35 were female and 323 were male (2011: Total 356; female 38 and male 318).

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

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

e. Training
The Company's ongoing training activities continued in 2012 with staff being trained locally or overseas.

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

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

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

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

14. CORPORATE GOVERNANCE

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

b. The Board of Directors
The Board currently comprises six directors; five non-executive directors and the Managing Director. The roles of Chairman and Managing Director are separate. The Board is responsible to shareholders for the overall management of the Company, for setting strategy and policies, monitoring of operational performance, risk management processes and setting of authority levels. The Board met 3 times in 2012 (2011: 3 times).

c. The Audit Committee
The Board is assisted in the discharge of its responsibilities related to financial reporting, compliance, risk management, accounting and management information systems by the Audit Committee. The Audit Committee is chaired by one of the non-executive directors. Meetings are attended by senior management and the Company's auditors where necessary. The Audit Committee met 3 times in 2012 (2011: 3 times).

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

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

f. Business ethics and organizational integrity
The issues of good governance and ethical conduct are critical to counterparty and investor perceptions of a listed Company. The Company strives to ensure that its integrity and professional conduct is beyond reproach at all times. The Company has developed ethical guidelines for its employees in order to limit the cost of unethical behavior to its stakeholders.

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

15. POLITICAL AND CHARITABLE DONATIONS

During the year under review, the Company made donations and other contributions of a charitable nature valued at about TZS 39 million (2011: TZS 49 million). There were no political donations.

Besides the donations, the Company has also been involved in Corporate Social Responsibility, targeting education and children. The total contributions were TZS 120 million (2011: TZS 187 million).

16. DIVIDENDS

The directors recommend payment of TZS 33.29 billion (TZS 185 per share) (2011: TZS 32.38 billion (TZS 180 per share)) to shareholders as final dividend. The proposed dividend includes an interim dividend of TZS 8.99 billion (TZS 50 per share) paid in October 2012 (2011: TZS 7.2 billion (TZS 40 per share) paid in October 2011). In making this proposal the directors have taken into account the financial situation of the Company and its future needs for implementing replacement and improvement projects. The proposed dividend is an increase of 2.9% (2011: increase of 29%) compared to last year's dividend and represents 55% (2011: 64%) of the net result for the year.

17. SUBSEQUENT EVENTS

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

18. RELATED PARTY TRANSACTIONS

The Company imports raw materials, spare parts and consumables on an arms-length basis from Scancem International DA that owns 69.25% equity stake in the Company.

Details of related party transactions are shown in note 29 of the financial statements.

19. SHARE CAPITAL
The total issued share capital of the Company amounts to 179,923,100 ordinary shares (2011: 179,923,100 ordinary shares). There is no change in the issued share capital.

The shareholding of the Company as at 31 December 2012 is as stated below:

Name	2012 % shareholding	2011 % shareholding
Scancem International DA	69.25	69.25
General Public	29.92	29.92
Wazo Hill Saving and Credit Cooperative Society	0.83	0.83
	100.0	100.0

20. SHAREHOLDERS OF THE COMPANY
The total number of shareholders during the year 2012 was 9,623 shareholders (2011: 9,713 shareholders). The following were the ten largest shareholders of the Company:

Name	Nationality	% of shareholding 2012	% of shareholding 2011
Scancem International DA	Norwegian	69.25	69.25
Parastatal Pension Fund	Tanzanian	4.25	3.13
Aunali F. Rajabali	Tanzanian	2.87	3.29
Public Service Pension Fund	Tanzanian	2.69	2.69
Sajjad F. Rajabali	Tanzanian	2.37	2.78
National Social Security Fund	Tanzanian	1.02	0.61
Murtaza Basheer Nasser	Tanzanian	0.83	0.83
Wazo Hill Savings and Credit Cooperative Society Ltd	Tanzanian	0.83	0.83
Umoja Unit Trust Scheme	Tanzanian	0.61	0.89
Sayed, Basharat, Mehboob, Khalid, Muzammil	Tanzanian	0.43	0.43

21. STOCK EXCHANGE INFORMATION
On 29 September 2006 the Company went public and its shares started to trade at the Dar es Salaam Stock Exchange. During the year shares of the Company were continuously traded in the secondary market through auctions organised by Dar es Salaam Stock Exchange (DSE). In the year 2012 the performance of the Company's shares in the secondary market was as follows: Market capitalisation as at 31 December 2012 was TZS 467.8 billion (2011: TZS 374.2 billion). Share price prevailing as at 31 December 2012 was TZS 2,600 per share, up from TZS 2,080 one year earlier (IPO price TZS 435 per share).

22. AUDITORS
Ernst & Young were the Company's auditors for the year 2012. They have expressed their willingness to continue as auditors and are eligible for reappointment. A resolution proposing the re-appointment of Ernst & Young as auditors of the Company for year 2013 will be put to the Annual General Meeting.

By Order of the Board

Name: Pascal Lesoinne
Title: Managing Director

Name: George Fumbuka
Title: Director

Date: 12th March 2013

Wakurugenzi wanayo furaha kuwasilisha taarifa yao pamoja na hesabu zilizokaguliwa kwa mwaka ulioishia 31 Desemba 2012.

1. SHUGHULI KUU

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

2. WAKURUGENZI

Wajumbe wa Bodi ya Wakurugenzi wakati huu ambao wamekuwa wajumbe katika kipindi chote cha mwaka 2012 isipokuwa inapoonyeshwa vinginevyo ni hawa:

Jina	Cheo	Utaifa	Umri	Sifa
Bw. Jean-Marc Junon	Mwenyekiti	Mfaransa	56	BSc (Civil Eng)
Bw. Pascal Lesoinne	Mkurugenzi	Mbelgiji	40	BSc (Mech. Eng)
Bw. William Mlaki	Mkurugenzi	Mtanzania	65	BA (Hons) Econ, MSc
Bw. George Fumbuka	Mkurugenzi	Mtanzania	59	MBA, FCCA
Bw. Daniel Gauthier (Arne-Jørg Selen – Alternate to Daniel Gauthier)	Mkurugenzi	Mbelgiji	55	BSc (Mining), MBA
Bw. Ola Schippert	Mkurugenzi	Mswedi	52	MBA (Alijiuzulu tarehe 5/12/2012)
Bw. Gary Whitehead	Mkurugenzi	Mwingereza	43	FCCA (aliteuliwa tarehe 5/12/12)

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

3. KAMATI YA UKAGUZI

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

Jina	Utaifa	Sifa
Bw. Ola Schippert	Mswedi	MBA(Alijiuzulu tarehe 05/12/2012)
Bw. Gary Whitehead	Mwingereza	FCCA(Aliteuliwa tarehe 05/12/2012
Bw. George Fumbuka	Mtanzania	MBA, FCCA
Bw. Arne- Jørg Selen	Mnorwei	MBA, LLB

4. WAKURUGENZI WANAHISA

Bw. William Mlaki ana hisa 71,411 katika Kampuni.

5. MALIPO KWA WAKURUGENZI

Kampuni ililipa jumla ya TZS 65,332,000 (2011: TZS 53,140,000) kwa huduma zilizotolewa na Wakurugenzi na wajumbe wa Kamati ya Ukaguzi.

6. UONGOZI WA KAMPUNI

Safu ya Uongozi wa Kampuni kwa mwaka ulioishia 31 Desemba 2012 ilikuwa kama ifuatavyo:

Jina	Cheo
Pascal Lesoinne	Mkurugenzi Mwendeshaji
Ignatius Asare	Mkurugenzi Fedha na Utawala
Jayne Nyimbo-Taylor	Mkurugenzi Rasilimali Watu
Ekwabi Majigo	Mkurugenzi Mauzo na Masoko
Tom Dijkstra	Meneja Mitambo
Per-Ove Andersson	Meneja Miradi
Jean-Marc Reginster	Meneja Uendeshaji
Gunnar Hedin	Meneja Matengenezo
Elieneza Amon	Meneja Ukaguzi na Ubora
Flora Njau	Meneja Ununuzi
Richard Magoda	Meneja Mazingira
Alfred Anthony	Meneja Afya na Usalama

7. TATHMINI YA BIASHARA

Usambazaji kwa mwaka 2012 uliongezeka kwa 5% ikilinganishwa na mwaka 2011. Mauzo yaliongezeka kwa 15% na kufikia TZS 249.1 bilioni (2011: TZS 217.3 bilioni). Faida kabla ya kuondoa gharama za kifedha na kodi ya mapato iliongezeka kwa 26% na kufikia TZS 91.2 bilioni kutoka faida ya TZS 72.6 bilioni mwaka 2011. Faida kabla ya kodi ya mapato iliongezeka kutoka TZS 72.8 bilioni mwaka 2011 na kufikia TZS 92.3 bilioni mwaka 2012. Faida halisi iliyobaki baada ya kukokotoa kodi ya mapato kiasi cha TZS 30.8 bilioni (2011: TZS 22.2 billion) ni TZS 61.6 bilioni (2011: TZS 50.6 bilioni). Hali halisi ya mwenendo wa kibiashara inaonyeshwa katika ukurasa wa 13 wa Ripoti ya mwaka.

8. MATARAJIO YA KAMPUNI KWA SIKU ZIJAZO

Mahitaji ya saruji nchini na eneo lote la Afrika Mashariki yamekuwa yakiongezeka kwa miaka ya hivi karibuni. Baada ya kuwekeza kwenye kupanua uzalishaji pamoja na ukarabati wa matanuru ya zamani, wakurugenzi wanaamini kwamba Kampuni iko katika nafasi nzuri ya kukidhi mahitaji hayo yanayoongezeka.
Bodi ya wakurugenzi imeidhinisha ujenzi wa kinu kipya cha kusaga saruji. Baada ya upanuzi huo kampuni itakuwa mzalishaji mkuu wa saruji katika Afrika Mashariki.
Bodi pia imeidhinisha uwekezaji katika biashara mpya ya kuzalisha kokoto (Twiga Aggregates).

9. UWEZO WA KULIPA

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

10. MPANGO WA UDHIBITI WA MAZINGIRA

Kulingana na Sera ya Mazingira ya Kampuni ambayo imedhamiria kurejesha uoto wa asili na kuboresha mandhari katika eneo la machimbo, Kampuni imeanza utekelezaji wa Mradi wa Ukarabati wa Machimbo kwa mkataba wa ushirikiano wa miaka mitatu na Asasi ya Ujerumani (GIZ), kukarabati sehemu za machimbo zilizokwishachimbwa mawe. Takriban mita za mraba 730,000 zinatarajiwa kupandwa miti. Hadi tarehe 31 Desemba 2012, kitalu kilikuwa na miche 48,469. Mwaka 2012 miche 13,282, yenye uwezekano wa kuishi wa 84% ilipandwa. Miche iliyosambazwa kwa wadau mbalimbali hadi kufikia 31 Desemba 2012 ilikuwa 7,841. Ushirikiano huo pia una sehemu ya mafunzo ya uhifadhi wa mazingira na ukarabati wa machimbo ya mawe kwa jamii inayotuzunguka jijini Dar es Salaam. Tangu mradi huu uanze kampuni imeendesha hafla 5 za kuongeza uelewa wa mazingira.

ISO 14001

TPCC imeendelea kuzingatia masharti ya Kiwango cha Kimataifa cha Ubora wa Mazingira ISO 14001 na ukaguzi kwa mujibu wa masharti ya Kiwango ulifanyika mwezi Machi 2012. Kampuni inaendelea kuboresha mfumo wake wa uhifadhi wa mazingira kwa kwenda sambamba na maendeleo ya uhifadhi mazingira na kufunga dosari zote zilizoibuliwa na wakaguzi kwa wakati

Upimaji wa Uchafuzi wa Hewa

Upimaji wa kiwango cha uchafuzi ulifanyika mwezi Desemba 2012 kwa matanuru yote yanayozalisha na matokeo yanaonesha kwamba mitambo miwili iliyokuwa ikifanya kazi inakidhi viwango vilivyowekwa kitaifa na pia vile vya IFC/ Benki ya Dunia kwa uchafuzi wa wa hewa, NOx na SOx.

Viwanda vyote vya saruji vyenye mitambo ya kizamani inayotumia teknolojia ya ESP ambayo ina ufanisi mdogo kwa kupunguza uchafuzi wa hewa vimetakiwa kufanya ukarabati na uboreshaji ili kuhakikisha vinapunguza uchafuzi ifikapo Desemba 2013.
Kampuni iko katika mchakato wa kufanya ukarabati na maboresho katika moja ya mitambo yake ya zamani (tanuru namba 2). Ukarabati utajumuisha, pamoja na mambo mengine kubadilisha machujio ya zamani (ESPs) na kuweka machujio ya kisasa (bag filters).

11. AFYA NA USALAMA

Kampuni inatekeleza mfumo wa kuratibu masuala ya afya na usalama mahali pa kazi (OHSMS) kama sehemu ya mkakati wa kudhibiti ajali. Mpango huu ulizinduliwa Januari 2011 na Kampuni ikafanikiwa kuthibitishwa na kupata cheti cha kiwango cha OHSAS 18001:2007 mwezi Decemba, 2012. Hivyo TPCC imekuwa kiwanda cha kwanza cha saruji Tanzania kupata cheti hicho.

12. MATUKIO MUHIMU

a. Soko la saruji nchini Tanzania liliendelea kukua katika mwaka 2012. Kwa mara nyingine Kampuni iliweza kuzalisha na kuuza saruji nyingi kuliko wakati wowote katika historia yake.

b. Ukarabati kamili wa moja ya matanuru ya zamani ulikamilika mwezi Julai 2012. Kukamilika kwake kutaiwezesha Kampuni kukabiliana na mahitaji ya klinka yanayoongezeka.

c. Mradi wa kinu kipya cha kusaga saruji (CM5) uliidhinishwa mwezi Desemba 2012.

d. Mradi wa mchepuo mpya wa biashara kutengeneza na kuuza kokoto (Twiga Aggregates) uliidhinishwa mwezi Desemba 2012.

e. Mwezi Desemba 2012, Kampuni ilithibitishwa kuwa inatekeleza matakwa ya OHSAS 18001 (mfumo wa Afya na Usalama kazini). Kwa hatua hii Kampuni inatekeleza taratibu rasmi za kupunguza hatari zinazohusiana na afya na usalama, ajali sehemu za kazi na uvunjaji wowote wa matakwa ya kisheria

f. Baada ya Kampuni kushinda kesi dhidi ya wavamizi 933 wa eneo lake Mwezi Oktoba 2006, mchakato wa rufaa ulihitimishwa mwaka 2010 na kampuni kupata ushindi. Hatua za kuwaondoa wavamizi hao na kurejesha maeneo waliyovamia zinaendelea. Uendelezaji muhimu wa shughuli za machimbo utafanyika mara baada ya kukamilisha michakato yote muhimu.

g. Mamlaka ya Mapato Tanzania (TRA) ilitoza kampuni kodi ya ziada kwa miaka 2005 na 2006 kwa kile walichokiita utekelezaji usio sahihi wa uhamishaji bei (transfer pricing). Ongezeko la kodi kutokana na hatua hiyo ni takriban TZS bilioni 9. Kampuni imepinga ongezeko hilo. Pingamizi bado linashughulikiwa katika ngazi ya TRA.

h. Mwezi Julai, 2008, serikali iliondoa kabisa ushuru wa ziada kwa saruji inayoagizwa toka nje kinyume na ahadi zake za awali, hivyo kuwaacha wazalishaji saruji nchini na tishio la saruji inayoagizwa nje kwa bei ya kutupa. Sera iliyotamkwa na Serikali kwa Kampuni kabla ya kuamua kuwekeza kwenye mradi wa upanuzi ilikuwa kwamba ushuru wa ziada ungepunguzwa kidogo kidogo (kwa asilimia 5 kwa mwaka) hadi kufikia asilimia 25 mwaka 2010 na kwamba haingebadilika tena baada ya hapo. Kutokana na uamuzi huo wa Serikali, saruji toka nje imeendelea kuleta changamoto kwa wazalishaji wa ndani.

.

13. USTAWI WA WAFANYAKAZI

a. Uhusiano kati ya Uongozi na Wafanyakazi

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

b. Idadi ya Wafanyakazi na uwiano wa kijinsia

Kampuni ilikuwa na jumla ya wafanyakazi 358, wanawake 35 na wanaume 323 (2011: Jumla 356, wanawake 38 na wanaume 318).

c. Huduma za Matibabu

Huduma za matibabu hutolewa bure kwa wafanyakazi na familia zao.

d. Usalama Viwandani

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

e. Mafunzo

Harakati za mafunzo ziliendelea mwaka 2012 ambapo wafanyakazi walipatiwa mafunzo ya ndani na nje ya nchi.

f. Mishahara

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

g. Mafao ya Wafanyakazi

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

h. Fursa Sawa na Watu Wenye Ulemavu

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

14. UTAWALA BORA

a. Kanuni za utawala Bora

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

b. Bodi ya Wakurugenzi

Kwa sasa, Bodi ina wakurugenzi sita; watano wasio watendaji na Mkurugenzi Mtendaji. Kazi za Mwenyekiti na Mkurugenzi Mtendaji zimetenganishwa. Bodi inawajibika kwa wanahisa kwa uongozi wa jumla wa Kampuni, kuweka mikakati na sera, kufuatilia ufanisi wa uendeshaji, usimamizi wa maeneo hatarishi na kuweka ngazi za madaraka. Katika mwaka huu wa fedha, Bodi ilikutana mara tatu (2011: mara tatu).

c. Kamati ya Ukaguzi

Katika kutekeleza majukumu yake kuhusiana na kutoa ripoti za fedha, utekelezaji matakwa ya mamlaka mbalimbali, udhibiti wa maeneo hatari, mifumo ya kihasibu na taarifa Bodi inasaidiwa na Kamati ya Ukaguzi. Kamati hiyo inaongozwa na mmoja wa wakurugenzi wasio watendaji. Mikutano ya kamati inafanyika mara kadhaa na inahudhuriwa na viongozi waandamizi na wakaguzi wa mahesabu wa kampuni inapobidi. Katika mwaka huu wa fedha, Kamati ya Ukaguzi ilikutana mara tatu (2011: mara tatu).

d. Tathmini ya ufanisi wa kazi na tuzo

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

e. Udhibiti wa maeneo hatarishi na udhibiti wa ndani

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

f. Maadili ya biashara na ukamilifu wa muundo

Suala la utawala bora na uadilifu ni muhimu kudhihirika kwa wadau na wanahisa kwa Kampuni iliyoorodheshwa kwenye soko la hisa. Kampuni inajitahidi kuhakikisha kwamba maadili na mienendo ya kitaalamu vinazingatiwa wakati wote. Kampuni imetayarisha miongozo ya maadili kwa wafanyakazi wake ili kupunguza gharama zitokanazo na ukosefu wa maadili kwa wadau wake.

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

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

15. MISAADA

Mwaka huu, Kampuni ilitoa misaada na michango ya hisani yenye thamani ya TZS 39 milioni (2011: TZS 49 milioni. Hapakuwa na misaada ya kisiasa. Pamoja na misaada hiyo, Kampuni pia ilijihusisha na uraia mwema ikilenga maeneo ya elimu na watoto. Jumla ya TZS 120 milioni (2011: TZS 187 milioni) zilitumika.

16. GAWIO

Wakurugenzi wanapendekeza gawio la TZS 33.29 bilioni (TZS 185/hisa) (2011: TZS 32.38 (TZS 180 /hisa)) kwa wanahisa wake, ambapo kati ya hizo TZS 8.99 bilioni (TZS 50/hisa) zililipwa mwezi Oktoba 2012 (2011: TZS 7.2 bilioni (TZS 40/hisa) gawio la awali. Pendekezo hili limezingatia hali ya fedha ya kampuni na mahitaji ya baadaye ya miradi ya uboreshaji. Kiwango kilichopendekezwa ni ongezeko la asilimia 2.9 juu ya gawio la mwaka jana na ni asilimia 55 ya faida ya mwaka 2012.

17. MATUKIO YA BAADAYE

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

18. 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 biashara, kutoka Scancem International DA 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.

19. MTAJI WA HISA

Jumla ya mtaji wa hisa uliotolewa ni hisa za kawaida 179,923,100 (2011: hisa 179,923,100). Mtaji wa hisa haukubadilika.

Mgawanyo wa hisa za Kampuni mnamo 31 Desemba 2012 ni kama ifuatavyo:

Jina	2012 %	2011 %
Scancem International DA	69.25	69.25
General Public	29.92	29.92
Wazo Hill Saving and Credit Cooperative Society	0.83	0.83
	100.0	**100.0**

20. WANAHISA WA KAMPUNI

Idadi ya wanahisa mwaka 2012 ilikuwa 9,623 (2011: wanahisa 9,713). Ifuatayo ni orodha ya wanahisa wakubwa kumi wa Kampuni:

Jina	Utaifa	2012 Asilima	2011 Asilima
Scancem International DA	Norwegian	69.25	69.25
Parastatal Pension Fund	Tanzanian	4.25	3.13
Aunali F. Rajabali	Tanzanian	2.87	3.29
Public Service Pension Fund	Tanzanian	2.69	2.69
Sajjad F. Rajabali	Tanzanian	2.37	2.78
National Social Security Fund	Tanzanian	1.02	0.61
Murtaza Basheer Nasser	Tanzanian	0.83	0.83
Wazo Hill Savings and Credit Cooperative Society Ltd	Tanzanian	0.83	0.83
Umoja Unit Trust Scheme	Tanzanian	0.61	0.89
Sayed, Basharat, Mehboob, Khalid, Muzammil	Tanzanian	0.43	0.43

21. TAARIFA YA SOKO LA MITAJI

Tarehe 29 Septemba 2006 Kampuni iliorodheshwa katika soko la mitaji na hisa zake kuanza kuuzwa kwenye Soko la Mitaji la Dar es Salaam. Mwaka huu hisa za kampuni zilifanyiwa biashara wakati wote kwenye minada inayoratibiwa na Soko la Mitaji la Dar es Salaam. Mwaka 2012, mwenendo wa hisa zetu kwenye soko la mitaji ulikuwa hivi: Thamani ya Kampuni mnamo 31 Desemba 2012 ilikuwa TZS 467.8 bilioni (2011: TZS 374.2 bilioni). Bei ya hisa mnamo 31 Desemba 2012 ilikuwa TZS 2,600 kwa hisa, ikiwa imeongezeka kutoka TZS 2,080 mwaka mmoja uliopita. Bei katika soko la mwanzo ilikuwa TZS 435 kwa hisa.

22. Wakaguzi

Wakaguzi wa Kampuni kwa mwaka 2012 walikuwa Ernst & Young. Wakaguzi wameeleza kuwa wako tayari kuendelea kuwa wakaguzi wetu na wanafaa kuteuliwa tena. Azimio la kuwapendekeza Ernst & Young kuwa wakaguzi wa Kampuni kwa mwaka 2013 litawasilishwa kwenye Mkutano Mkuu wa Mwaka.

Imetolewa kwa amri ya Bodi:

Jina: Pascal Lesoinne Sahihi

Cheo; Mkurugenzi Mtendaji

Jina: George Fumbuka Sahihi

Cheo; Mkurugenzi

Tarehe; 12th Machi 2013

For this iconic project, the engineers and contractors have trusted Twiga Cement as the cement supplier of the ultra modern suspended bridge connecting the Central Business District to Kigamboni.

The Companies Act, 2002 requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

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

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

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

Name: Pascal Lesoinne

Title: Managing Director

Name: George Fumbuka

Title: Director

Date: 12th March 2013

To the shareholders of
TANZANIA PORTLAND CEMENT COMPANY LIMITED

Report on the financial statements
We have audited the financial statements of Tanzania Portland Cement Company Limited set out on pages 26 to 67 which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
IIn our opinion, the financial statements present fairly, in all material respects, the financial position of Tanzania Portland Cement Company Limited at 31 December, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and Tanzanian Companies Act, 2002.

Report on other legal and regulatory requirements

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

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

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

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

iii. The Directors report is consistent with the financial statements;

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

v. The Company's financial statements are in agreement with the books of account.

Ernst & Young
Certified Public Accountants
Dar es Salaam

Signed by: Neema Kiure Mssusa (Partner)

12th March 2013

	Notes	2012 TZS '000	2011 TZS '000
Revenue	8	249,111,727	217,258,974
Cost of sales	10	(126,706,477)	(117,710,775)
Gross profit		**122,405,250**	**99,548,199**
Other operating income	9	333,962	922,201
Selling and marketing costs	11	(1,743,717)	(1,795,085)
Administrative costs	12	(17,100,620)	(15,283,801)
Depreciation and amortisation	7,18 & 19	(11,959,927)	(10,348,860)
Other operating expenses	15	(775,086)	(468,196)
Operating profit		**91,159,862**	**72,574,458**
Finance income	13	1,014,462	970,470
Financial costs	16	(583,608)	(167,815)
Gain/loss on foreign currency translation	17	750,464	(603,132)
Profit before tax		**92,341,180**	**72,773,981**

Statement of Comprehensive Income for the year ended 31 December 2012

	Notes	2012 TZS '000	2011 TZS '000
Income tax expense	30	(30,762,591)	(22,168,719)
Profit for the year		**61,578,589**	**50,605,262**
Other comprehensive income			
Acturial (loss)/gains on defined benefit plan		(1,770,632)	341,893
Income tax effect	30	531,190	(102,568)
Other comprehensive income, net of tax		**(1,239,442)**	**239,325**
Total comprehensive income for the year		**60,339,147**	**50,844,587**
Earnings per share			
Basic and diluted earning per share (TZS)	34	342.25	281.26

	Notes	2012 TZS '000	2011 TZS '000
ASSETS			
Non-current assets			
Property, plant and equipment	7	153,246,024	151,178,364
Intangible asset	18	251,308	35,853
Leasehold land	19	1,254,978	1,280,414
		154,752,310	**152,494,631**
Current assets			
Inventories	21	50,117,949	43,159,580
Trade receivables	22	12,349,406	5,781,520
Other short-term operating receivables	23	6,043,519	4,987,192
Cash and bank balances	20	54,567,099	46,245,482
		123,077,973	**100,173,774**
TOTAL ASSETS		**277,830,283**	**252,668,405**

	Notes	2012 TZS '000	2011 TZS '000
EQUITY AND LIABILITIES			
Equity			
Share capital	24	3,598,462	3,598,462
Retained earnings		209,431,151	183,277,390
		213,029,613	**186,875,852**
Non-current liabilities			
Other interest-bearing loans	25	327,364	377,728
Provision for employee benefits	27	3,561,155	2,368,112
Deferred tax liability	30	29,462,736	23,583,073
		33,351,255	**26,328,913**
Current liabilities			
Trade and other payables	26	28,278,311	36,617,564
Other interest-bearing loans	25	70,510	75,012
Dividend payable		2,418,261	2,152,863
Tax payable	30	682,333	618,201
		31,449,415	**39,463,640**
TOTAL EQUITY AND LIABILITIES		**277,830,283**	**252,668,405**

These financial statements were authorised for issue in accordance with a resolution of the board of directors passed on 12th March 2013 and were signed on its behalf by:

Name: Pascal Lesoinne

Title: Managing Director

Name: George Fumbuka

Title: Director

Statement of Financial Position as at 31 December 2012

	Issued share capital (Note 24) TZS '000	Retained earnings TZS '000	Total TZS '000
At 01 January 2012	3,598,462	183,277,390	186,875,852
Profit for the year	-	61,578,589	61,578,589
Other comprehensive income	-	(1,239,442)	(1,239,442)
	3,598,462	243,616,537	247,214,999
Dividends declared	-	(34,185,386)	(34,185,386)
At 31 December 2012	**3,598,462**	**209,431,151**	**213,029,613**
At 01 January 2011	3,598,462	164,730,799	168,329,261
Profit for the year	-	50,605,262	50,605,262
Other comprehensive income	-	239,325	239,325
	3,598,462	215,575,386	219,173,848
Dividends declared	**-**	(32,297,996)	(32,297,996)
At 31 December 2011	**3,598,462**	**183,277,390**	**186,875,852**

Statement of Changes in Equity for the year ended 31 December 2012

Modern block making facility at Mbezi Tiles Company with cement supplied by Twiga Cement.

	Notes	2012 TZS '000	2011 TZS '000
Operating activities			
Profit before tax		92,341,180	72,773,981
Adjustment to reconcile profit before tax to net cash flow:			
Depreciation and amortisation	7,18 & 19	11,959,927	10,348,860
Interest expenses	16	583,608	167,815
Interest Income	13	(1,014,462)	(970,470)
Exchange (gain)/loss unrealised	17	(1,164,618)	24,225
(Decrease)/increase in provision for obsolete inventory		(1,271,635)	499,813
Increase in provision for receivables		112,948	272,558
Gain on disposal of property, plant and equipment		(25,678)	(4,712)
Cash flows before changes in working capital items		**101,521,270**	**83,112,070**
Working capital adjustments:			
Increase in inventories		(5,686,734)	(3,340,093)
Increase in trade receivables		(6,680,834)	(751,782)
Decrease/(increase) in other short-term operating receivables		(1,056,327)	816,924
Increase in gratuities provision		(262,468)	35,843
Increase/(decrease) in trade and other payables		(8,339,253)	17,163,147
		(22,025,616)	**13,924,039**

Statement of Cash Flows for the year ended 31 December 2012

	Notes	2012 TZS '000	2011 TZS '000
Cash flows after changes in working capital items		79,495,654	97,036,109
Corporation tax paid	30	(24,287,606)	(22,272,020)
Interest received		1,014,462	970,470
Interest received		(588,110)	(164,039)
Net cash inflow from operating activities		**55,634,400**	**75,570,520**
Investing activities			
Proceeds from disposal of plant and equipment		25,678	69,547
Capital works-in-progress and rehabilitation costs		(12,637,797)	(21,298,820)
Purchase of capital items in stock		(313,674)	(498,451)
Purchase of intangibles		(300,203)	-
Purchase on leasehold land		-	(406,105)
Purchase of plant and equipment		(1,281,053)	(1,825,706)
Net cash flows used in investing activities		**(14,507,049)**	**(23,959,535)**
Financing activities			
Dividends paid		(33,919,988)	(32,155,927)
Interest-bearing loans repaid		(50,364)	(50,364)
Net cash flows used in financing activities		**(33,970,352)**	**(32,206,291)**
Net increase in cash and cash equivalents		**7,156,999**	**19,404,694**
Net foreign exchange difference		1,164,618	(24,225)
Cash and cash equivalents at 01 January		46,245,482	26,865,013
Cash and cash equivalent at 31 December	**20**	**54,567,099**	**46,245,482**

Kiire Enterprises, one of the Twiga Cement Distributor shops in Dar es Salaam, Bunju area. We ensure our products are available through out the Nation.

1. CORPORATE INFORMATION

The financial statements of Tanzania Portland Cement Company Limited ('the Company') for the year ended 31 December 2012 were authorized for issue in accordance with a resolution of the directors on 12 March 2013. The Company is a Limited Company incorporated and domiciled in Tanzania. The Company's shares are publicly traded. The registered office is located at Wazo Hill, Dar es Salaam.

The principal activities of the Company are disclosed in the directors' report.

2. BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except for financial instruments 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.

The financial statements are presented in Tanzanian Shillings (TZS) and all values are rounded to the nearest thousand (TZS '000') except when otherwise indicated.

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

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012:

- IAS 12 Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets.
- IFRS 7 Financial Instruments: Disclosures- Enhanced Derecognition Disclosure Requirements.

The adoption of the standards or interpretations is described below:

IAS 12 Income Taxes (Amendment) Deferred Taxes: Recovery of Underlying Assets
The amendment clarifies the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and there has been no effect on the Company's financial position, performance or its disclosure as the Company does not have investment property or non-depre¬ciable assets measured under the revaluation model.

IFRS 7 Financial Instruments Disclosures- Enhanced Derecognition Disclosures Requirements
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognised and their associate liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Company does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Foreign currency translation

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

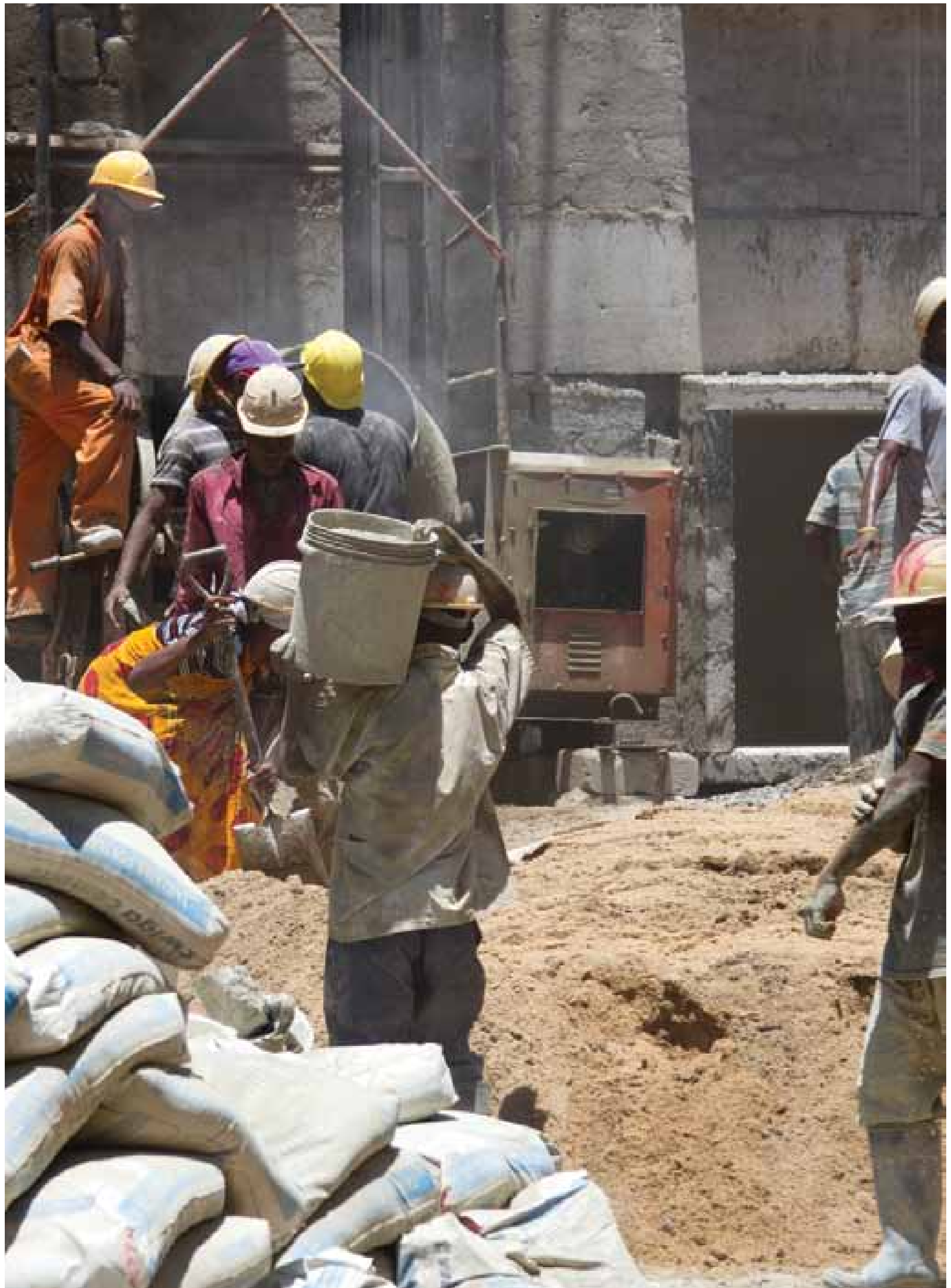
Transactions and balances
Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions.

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

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

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

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



Workers at Sea Breeze apartments which are under construction

Revenue grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Grants are recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Dividend distribution

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

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.

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 estimated 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 assets residual values, useful lives and methods of depreciation are reviewed at each reporting date, and adjusted prospectively if appropriate.

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 profit or loss in the year the asset is derecognised. 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.

Capital work-in - progress

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

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

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 reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation which has been consistently applied is 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 profit or loss. 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, 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.

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

Financial assets

Initial recognition and measurement

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

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

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.

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

Subsequent measurement

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

Loans and receivables

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

After initial measurement such financial assets are 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.

Amortised cost

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.

Cash and cash equivalents

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

Impairment of financial assets

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

Financial 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 (ie 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 recognised 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.

Derecognising of financial assets
A financial asset (or, where applicable a part of a financial asset or part of Company of similar financial assets) is derecognised when:

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

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
Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdraft, loans and borrowings.

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

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, 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.

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

Operating lease
Company as a lessee
Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

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

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

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

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 profit or loss in the year to which they relate.

Post-employment obligations

Under defined benefit plans, the Company provides certain post-retirement benefits at retirement and at certain milestones during the period of employment. The expected costs of these benefits are accrued over the period of employment and the present value of the obligation is determined by 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. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

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

Termination benefits

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

Taxes

Current tax

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

Deferred tax

Deferred tax is provided on temporary differences at reporting date between the tax bases of assets and liabilities and their carrying value 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 recognise only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Provision for quarry restoration
The Company's quarry is an open one with bench heights at 12 - 15 meters. The overburden materials vary in thickness, but seldom exceed 0.5 meters. 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 should not 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 financial year end date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

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

P*ension and Other Post Employment Benefits*

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

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehen-sive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign op-erations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the Company's financial position or performance. The amendment becomes effec-tive for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Company's first annual report after becoming effec-tive.

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company made a voluntary change in accounting policy to recognise actuarial gains and losses in other comprehensive income. However, the amended standard will impact the net ben-efit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit ob-ligation. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The re-vised standard becomes effective for annual periods beginning on or after 1 Janu-ary 2013.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amend-ments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. These amendments become effective for annual periods beginning on or after 1 January 2014and are not expected to impact the Company's financial position or performance.

IFRS 1 Government Loans – Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospec-tively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and to government loans retrospectively if the information needed to do so had been ob-tained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement

A pupil being fetted by the MD Mr. Pascal Lesoinne during the inauguration ceremony of classroom built by Twiga Cement

of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. The amendment has no impact on the Company's financial position or performance.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would pro-vide users with information that is useful in evaluating the effect of netting ar-rangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised fi-nancial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Company's financial position or per-formance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 9 Financial Instruments: Classification and Measurement

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

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

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

IFRS 11 Joint Arrangements

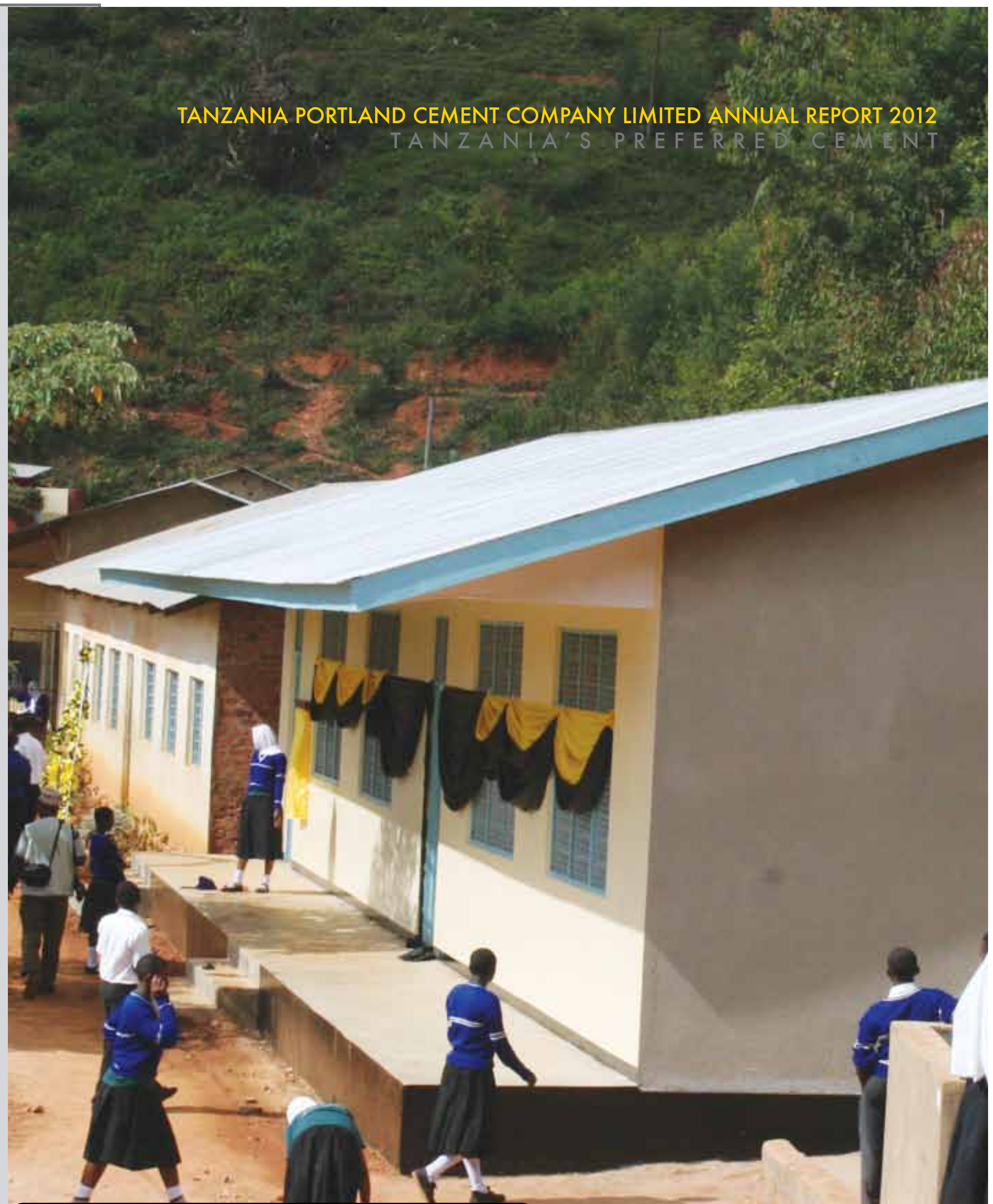
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture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

IFRS 12 Disclosure of Interests in Other Entities

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

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required



One of the school classrooms constructed by Twiga Cement as part of CSR to use fair val-ue, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is currently assessing the impact that this standard will have on its financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity during the production phase of the mine. The interpretation ad-dresses the accounting for the benefit from the stripping activity. The interpre-tation is effective for annual periods beginning on or after 1 January 2013. The new interpretation will not have an impact on the Company.

Annual Improvements May 2012

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

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

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

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

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

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

These improvements are effective for annual periods beginning on or after 1 Janu-ary 2013

Twiga Cement is used in Modern concrete batching plant, ensuring consistent High quality.

7. PROPERTY, PLANT AND EQUIPMENT

	Building	Production machinery & equipment	Other equipment	Capital items in stocks	Capital work -in-progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost						
At 01 January 2011	**39,463,856**	**116,971,205**	**8,383,977**	**1,209,997**	**7,224,638**	**173,253,673**
Additions	-	366,339	1,459,367	498,451	21,298,820	23,622,977
Transfers	2,849,337	7,517,867	357,718	-	(10,724,922)	-
Disposals	-	-	(98,383)	-	(44,950)	(143,333)
At 31 December 2011	**42,313,193**	**124,855,411**	**10,102,679**	**1,708,448**	**17,753,586**	**196,733,317**
At 01 January 2012	**42,313,193**	**124,855,411**	**10,102,679**	**1,708,448**	**17,753,586**	**196,733,317**
Additions	65,753	47,747	1,167,553	313,674	12,637,797	14,232,524
Transfers	-	25,700,465	643,472	(119,654)	(26,224,283)	-
Transfers to intangible asset	-	-	-	-	(263,112)	(263,112)
Expensed	-	-	-	(41,911)	(10,098)	(52,009)
Disposals	-	(54,202)	(86,244)	-	-	(140,446)
At 31 December 2012	**42,378,946**	**150,549,421**	**11,827,460**	**1,860,557**	**3,893,890**	**210,510,274**

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

Accumulated depreciation						
At 01 January 2011	**3,065,540**	**27,329,452**	**4,919,393**	**-**	**-**	**35,314,385**
Charge during the year	1,607,487	8,114,444	597,135	-	-	10,319,066
Disposals	-	-	(78,498)	-	-	(78,498)
At 31 December 2011	**4,673,027**	**35,443,896**	**5,438,030**	**-**	**-**	**45,554,953**
At 01 January 2012	**4,673,027**	**35,443,896**	**5,438,030**	**-**	**-**	**45,554,953**
Charge during the year	1,669,648	9,240,193	939,902	-	-	11,849,743
Disposals	-	(54,202)	(86,244)	-	-	(140,446)
At 31 December 2012	**6,342,675**	**44,629,887**	**6,291,688**	**-**	**-**	**57,264,250**
Carrying amount						
At 31 December 2012	**36,036,271**	**105,919,534**	**5,535,772**	**1,860,557**	**3,893,890**	**153,246,024**
At 31 December 2011	**37,640,166**	**89,411,515**	**4,664,649**	**1,708,448**	**17,753,586**	**151,178,364**

	2012	2011
	TZS '000	TZS '000
8. REVENUE		
Sales of goods:		
Twiga extra	207,854,191	184,772,407
Twiga ordinary	42,938,688	34,334,234
Clinker	-	276,036
	250,792,879	219,382,677
Less: Freight outbound	(1,681,152)	(2,123,703)
	249,111,727	**217,258,974**
9. OTHER OPERATING INCOME		
Gain on disposal of property, plant and equipment	25,678	4,712
Rental income	93,397	84,090
Reversal of provisions	38,882	373,764
Revenue grant	83,468	79,452
Miscellaneous income	92,537	270,600
Bad debts recovery	-	109,583
	333,962	**922,201**
Revenue grant		
Quarry greening grant from GIZ	83,468	79,452
	83,468	**79,452**

	Notes	2012	2011
		TZS '000	TZS '000
10. COST OF SALES			
Distribution costs		798,418	815,324
Variable costs		96,254,741	94,649,600
Fixed production cost		30,924,953	21,746,038
Write back/provision for obsolete stock		(1,271,635)	499,813
		126,706,477	**117,710,775**
Fixed production costs includes:			
Staff costs		7,074,624	5,931,920
11. SELLING AND MARKETING COSTS			
Staff costs	14	779,058	608,231
Marketing, advertising and sales costs		552,729	685,976
Debt written off		-	8,469
Increase in provision for impairment of receivables	11(a)	112,948	272,558
Other expenses		298,982	219,851
		1,743,717	**1,795,085**

	Notes	2012	2011
		TZS '000	TZS '000
11. SELLING AND MARKETING COSTS (Continued)			
a) Increase in provision for impairment of receivables			
On Trade receivables			
Charge during the year	22	49,156	-
On Other receivables			
Charge during the year	23	63,792	272,558
		112,948	272,558
12. ADMINISTRATIVE EXPENSES			
Staff costs	14	5,416,708	4,936,134
Other administrative expenses		11,683,912	10,347,667
		17,100,620	**15,283,801**
Included in Other administrative expenses are:			
Audit fees		95,432	79,209
Consultancy fees		2,173,568	2,249,795
Rent, rates and hiring costs		1,285,295	934,808
Donations		38,683	49,041
Legal fees		425,731	437,994
Directors' remuneration		65,332	53,140

	2012	2011
	TZS '000	TZS '000
13. FINANCE INCOME		
Interest income-Interest on short term bank deposits	1,014,462	970,470
	1,014,462	**970,470**
14. STAFF COSTS		
Staff costs under:		
Cost of sales	7,074,624	5,931,920
Selling and marketing costs	779,058	608,231
Administrative expenses	5,416,708	4,936,134
	13,270,390	**11,476,285**
Staff costs is made up of:		
Salaries and wages	7,172,257	6,302,367
Social Security Contribution	1,337,121	1,185,605
Payroll tax	807,118	671,951
Employment benefit contribution	921,555	812,975
Other benefits	3,032,339	2,503,387
	13,270,390	**11,476,285**

	Notes	2012	2011
		TZS '000	TZS '000
15. OTHER OPERATING EXPENSES			
Local government levies and taxes		758,956	451,467
Property taxes		16,130	16,729
		775,086	**468,196**
16. FINANCE COSTS			
Interest on Interest-bearing loans		37,048	50,364
Interest on short-term borrowing		546,560	117,451
		583,608	**167,815**
17. GAIN/(LOSS) ON FOREIGN CURRENCY TRANSLATION			
Exchange gain - realised		215,978	311,546
Exchange gain - unrealised		4,511,902	4,443,849
Exchange loss - realised		(630,132)	(938,903)
Exchange loss - unrealised		(3,347,284)	(4,419,624)
		750,464	**(603,132)**

18. INTANGIBLE ASSET

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

	2012	2011
	TZS '000	TZS '000
COSTS		
At 01 January	273,609	273,609
Additions	300,203	-
At 31 December	**573,812**	**273,609**
Accumulated amortisation		
At 01 January	237,756	232,922
Charge during the year	84,748	4,834
At 31 December	322,504	237,756
Net carrying amount		
At 31 December	**251,308**	**35,853**

19. LEASEHOLD LAND

	2012	2011
At 01 January	1,280,414	899,269
Additions	-	406,105
	1,280,414	1,305,374
Less: Amortisation for the year	(25,436)	(24,960)
At 31 December	1,254,978	1,280,414
Within one year	25,436	24,960
After one year	1,229,542	1,255,454
	1,254,978	**1,280,414**

The remaining lease period for leasehold land is 80 years.

	2012	2011
	TZS '000	TZS '000
20. CASH AND BANK BALANCES		
Cash at bank - local currency	16,013,086	10,228,993
Cash at bank - foreign currency	38,549,813	36,016,489
Cash at hand	4,200	-
	54,567,099	**46,245,482**
21. INVENTORIES		
Raw materials, additives, consumables and spare-parts	45,880,839	44,514,156
Work - in - progress	7,276,374	3,778,984
Finished goods and goods for resale		
- Twiga Extra Cement	1,253,790	568,579
- Twiga Ordinary Cement	339,993	202,543
Less: Provision for obsolete stock (a)	**(4,633,047)**	**(5,904,682)**
	50,117,949	**43,159,580**
(a) Movement in provision		
At 01 January	5,904,682	5,404,869
(Decrease)/increase in provision (b)	(1,271,635)	499,813
At 31 December	4,633,047	5,904,682
(b) Reversal of provision for obsolete and slow moving items	(1,271,635)	(293,539)
Additional provision for obsolete and slow moving items	-	793,352
(Increase)/ Decrease in provision	**(1,271,635)**	**499,813**

	Notes	2012	2011
		TZS '000	TZS '000
22. TRADE RECEIVABLES			
Trade Receivables		12,854,587	6,237,545
Provision for impairment on receivables			
At 01 January		(456,025)	(456,025)
Amount recovered	9	-	-
Charge during the year	11	(49,156)	-
At 31 December		(505,181)	(456,025)
		12,349,406	**5,781,520**
As at 31 December, the ageing analysis of trade receivables is as follows:			
==>Neither past due nor impaired		10,267,677	5,562,252
==>Past due but not impaired			
Not impaired & overdue 31 - 60 days		2,078,669	213,309
Not impaired & overdue 61 -360 days		3,060	3,942
Not impaired & overdue > 360 days		-	2,017
		12,349,406	**5,781,520**

Terms and conditions of the above trade receivables:

As at 31 December 2012, trade receivables at initial value of TZS 505,181 (2011: TZS 456,025) were impaired and fully provided for and the movements in the provision for impairment of receivables is as shown above.

23. OTHER SHORT-TERM OPERATING RECEIVABLES

	2012 TZS '000	2011 TZS '000
Advances to suppliers	682,565	936,956
Prepaid expenses	1,873,164	558,706
Staff loans and advances	365,562	271,333
Other receivables	3,656,430	3,690,607
Less: Provision for impairment	(534,202)	(470,410)
	6,043,519	**4,987,192**
Provision for impairment on other receivables		
At 01 January	(470,410)	(307,435)
Amount recovered	-	109,583
Charge during the year	(63,792)	(272,558)
At 31 December	**(534,202)**	**(470,410)**
As at 31 December, the ageing analysis of other receivables is as follows:		
==>Neither past due nor impaired	8,041	14,014
==>Past due but not impaired		
Not impaired & overdue 31 - 60 days	14,014	48,557
Not impaired & overdue 61 -360 days	42,564	3,038,730
Not impaired & overdue > 360 days	3,057,609	118,896
	3,122,228	**3,220,197**

Terms and conditions of the above trade receivables:

Other receivables are non-interest bearing and are generally on 30 day terms. As at 31 December 2012, other receivables at initial value of TZS 534,202 (2011: TZS 470,410) were impaired and fully provided for.

24. SHARE CAPITAL

	2012 TZS '000	2011 TZS '000
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 DA	124,598,500	124,598,500
General Public	53,835,094	53,835,094
Wazo Hill Savings and Credit Cooperative Society	1,489,506	1,489,506
	179,923,100	**179,923,100**

25. INTEREST BEARING LOAN

	2012 TZS '000	2011 TZS '000
10% Long-term treasury loan	377,728	428,092
Current portion - Due within one year	(50,364)	(50,364)
Long-term portion - Due after one year	327,364	377,728
Current portion	50,364	50,364
Interest payable	20,146	24,648
Total current portion	70,510	75,012
After one year but not more than five years	201,456	201,456
More than five years	125,908	176,272
Non-Current liabilities	**327,364**	**377,728**

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

		2012	2011
		TZS '000	TZS '000
26. TRADE AND OTHER PAYABLES			
Trade payables - third parties		9,486,965	4,193,746
Trade payables - intercompany	Note 29 (b)	7,374,591	23,953,808
Short-term operating payables		10,163,851	7,777,401
Payables for payroll and related costs		1,252,904	692,609
		28,278,311	**36,617,564**

Terms and conditions of the above financial liabilities:

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

27. EMPLOYMENT BENEFIT LIABILITIES

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

	2012	2011
	TZS '000	TZS '000
Endowment Scheme	522,807	493,780
Parastatal Pension Fund (PPF)	474,986	395,169
National Social Security Fund (NSSF)	339,328	296,656
	1,337,121	**1,185,605**

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

At the end of 2008 the voluntary agreement was re-negotiated. 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.

27. EMPLOYMENT BENEFIT LIABILITIES (continued)

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

	2012	2011
	TZS '000	TZS '000
Present value of unfunded obligations	5,264,954	4,284,887
Unrecognised past service cost	(1,703,800)	(1,916,775)
Net liability recognised in statement of financial position	3,561,154	2,368,112

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

	2012	2011
Post-employment benefit	3,194,783	2,062,906
Other long-term benefits	366,371	305,206
	3,561,154	**2,368,112**

The amounts recognised in profit or loss are as follows:

	2012	2011
Current service cost	180,652	160,717
Interest on obligation	527,928	439,283
Recognised past service cost	212,975	212,975
Expense recognised in profit and loss	921,555	812,975
Acturial gains on defined benefit plan:		
Post-employment benefit	1,548,002	(253,850)
Other long-term benefits	222,630	(88,043)
	1,770,632	**(341,893)**

27. EMPLOYMENT BENEFIT LIABILITIES (continued)

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

	2012	2011
	TZS '000	TZS '000
Opening balance (end-of-service benefits)	3,979,678	4,454,326
Current service costs	167,784	149,021
Interest cost	490,324	407,316
Benefits payments	(1,287,209)	(777,135)
Actuarial losses/(gains)	1,548,002	(253,850)
Closing balance (end-of-service benefits)	**4,898,579**	**3,979,678**
Other long-term benefits		
Opening balance (long-service awards)	305,206	349,586
Reclassified from post employment benefits		
Current service cost	12,868	11,696
Interest cost	37,604	31,967
Benefits payments	(211,937)	-
Actuarial losses/(gains)	222,630	(88,043)
- Sub-total: change in provision for other long-term benefits	61,165	(44,380)
Closing balance (long-service awards)	366,371	305,206
Post-employment benefits		
The amounts recognised in Statement of financial position:		
Present value of unfunded obligations	4,898,583	3,979,681
Unrecognised past service cost	(1,703,800)	(1,916,775)
	3,194,783	**2,062,906**

27. EMPLOYMENT BENEFIT LIABILITIES (continued)

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

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

Principal actuarial assumptions at the statement of financial position date:

	2012	2011
Discount rate at 31 December	14%	14%
Future annual salary increases	6%	6%
Cost inflation	5%	5%

28. OTHER STATUTORY PAYROLL REMITTANCES

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

	2012	2011
	TZS '000	TZS '000
Skills and Development Levy	807,118	671,951

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

Pay As You Earn	3,247,442	2,805,824

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

Skills and Development Levy	54,030	-
Pay As You Earn	173,628	-

29. RELATED PARTY TRANSACTIONS

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

During the year the Company entered into transactions with Scancem International DA of Oslo, Norway which owns an equity stake of 69.25% in the Company. The Company imports raw materials, machinery, spare parts and services from/through the holding company. The Company's purchases during the year 2012 were as follows:

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

		2012	2011
		TZS '000	TZS '000
Goods:	Raw materials	17,045,010	22,638,274
	Spare parts and other consumables	17,358,783	12,232,000
Services:	Management fees and services	3,885,609	2,636,427
	Total amount traded	38,289,402	37,506,701

b) Related party balances

Trade payables	- Scancem International DA	7,374,591	23,910,122
	- HeidelbergCement AG	-	43,686
		7,374,591	23,953,808

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

- Interlac	-	276,036

d) Other Receivables - Scancem International DA	100,536	101,773
- Interlac	101,823	276,036
	202,359	377,809

e) Key management remuneration - Key management comprise the Managing Director, and other Heads of departments.

Salaries and allowances	2,884,463	3,231,636
	2,884,463	3,231,636

30. TAXATION

		2012	2011
		TZS '000	TZS '000
i)	**Tax expense**		
	Current year tax	24,351,738	21,118,621
	Adjustments in respect of current income tax of previous year	-	195,895
		24,351,738	21,314,516
	Deferred tax charge	6,410,853	854,203
		30,762,591	**22,168,719**
ii)	**Reconciliation of tax expense to tax based on accounting profit:**		
	Accounting profit before taxation	92,341,180	72,773,981
	Income tax at 30% (2011: 30%)	27,702,354	21,832,194
	Tax effect on non taxable/non deductible items		
	Disallowable expenses	3,060,237	140,630
	Adjustments in respect of current income tax of previous year	-	195,895
	Tax expense	**30,762,591**	**22,168,719**
	Effective income tax rate	33%	30%

		2012	2011
		TZS '000	TZS '000
iii)	**Deferred Tax**		
	Accelerated depreciation for tax purposes	97,402,612	82,113,598
	Provisions for post employment and other long term benefits	3,561,154	(2,368,112)
	Decrease in provision for obsolete and slow moving items	(984,015)	(793,352)
	Actuarial (gains) and losses - end of service benefit	(1,548,002)	(253,850)
	Actuarial (gains) and losses - long service award	(222,630)	(88,043)
		98,209,119	**78,610,241**
	Deferred tax liability thereon at 30%	29,462,736	23,583,073
	Less: Opening deferred tax liability	(23,583,073)	(22,626,302)
	Deferred tax expense	5,879,663	956,771
	Deferred tax charge	6,410,853	854,203
	Deferred tax charge to other comprehensive income	(531,190)	102,568
		5,879,663	956,771
iv)	**Tax (recoverable)/payable**		
	Tax payable brought forward	618,201	1,575,705
	Tax charge for the year	24,351,738	21,314,516
	Tax payments during the year	(24,287,606)	(22,272,020)
	Tax payable	682,333	618,201

31. EMPLOYEES

The number of employees at the end of the year was 358 (2011: 356).

32. DIVIDEND PER SHARE

During the period, dividends relating to the profits for the year ended 31 December 2012 of TZS 185 per share (totalling TZS 33.29 billion) were declared out of which TZS 50 per share has been paid already as interim dividend in October 2012. Dividends relating to the profits for the year ended 31 December 2011 of TZS 180 per share (totalling TZS 32.30 billion) were declared out of which TZS 40 per share was paid as interim dividend in October 2011 and final dividends were paid in 2012.

33. COMMITMENTS AND CONTINGENCIES

Capital commitment

Substantial amount was spent in 2011 and 2012 for the rehabilitation of kiln 3. Capital commitments for the rehabilitation of the kiln 3 are approximately TZS 920 million.

Operating lease commitment - Company as lessee

The Company has entered into commercial lease of land for limestone extraction and factory area. The lease has an average life of 81 years. At 31 December 2012, the Company had not prepaid any rent of land. Rent is paid on annual basis.

	2012 **TZS '000**	**2011** **TZS '000**
Rental expenses recognised during year	97,525	97,525

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:	**2012** **TZS '000**	**2011** **TZS '000**
Within one year	97,525	97,525
After one year but not more than five years	487,625	487,625
More than five years	7,216,850	7,314,3750
	7,802,000	**7,899,525**

Operating lease commitment - Company as lessor

The Company has entered into commercial lease of land for use by different telephone companies. The lease has an average life of 5 years. At 31 December 2012, the Company had not received any advances for rent. Rent is received on annual basis.

	2012	2011
	TZS '000	TZS '000
Rental income recognised during year	93,397	84,090
Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:		
Within one year	93,397	84,090
After one year but not more than five years	295,834	398,538
More than five years	-	-
	389,231	**482,628**

Legal claims

Contingent liabilities relates to several court cases on land trespassing, alleged unfair termination of employment contracts and breach of business contracts all amounting to TZS 5.0 billion (2011: TZS 5.0 billion).

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

Tax assessment

The Company received in December 2007 an adjusted tax assessment for 2004 amounting to TZS 122.4 million. The Company filed an objection against this assessment in early 2008. The Tanzania Revenue Authority (TRA) has also carried out a tax audit of the years 2005 and 2006. TRA issued its external audit report on 18 December 2008. TRA and the Company are in agreement on all major issues raised in the report with one notable exception; the allegation that transactions between the Company and its related party, Scancem International DA, have not been carried out at arm's length. In mid-March 2009, TRA issued assessments amounting to a total of TZS 9.0 billion. The Company filed objections to these assessments in April 2009 after having deposited the required 1/3 of the disputed assessments. The disputed tax assessments (including the deposits) are not reflected in the net results for 2008 to 2011. Only the 1/3 deposit is reflected in the statement of financial position and classified as a short-term receivable.

	2012 TZS '000	2011 TZS '000
34. EARNINGS PER SHARE		
Profit attributable to ordinary equity holders	61,578,590,000	50,605,262,100
Weighted average number of ordinary shares	179,923,100	179,923,100
Basic and diluted earnings per share (TZS)	**342.25**	**281.26**

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

35. SEGMENT REPORTING

For management purposes, the Company is organised into business units based on its products.

No operating segments have been aggregated to form operating segments.

The majority of revenue is derived from sale of goods (as disclosed in note 8) and the Board of Directors relies primarily on revenue from sales of goods to assess performance. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the Statement of Comprehensive income.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

However, Company financing (including finance costs and finance income) and income taxes are managed on aggregate basis and are not allocated to operating segments.

36. EVENTS AFTER THE REPORTING DATE

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

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

a. Treasury risk management

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

b. Interest rate risk

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

c. Liquidity risk

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

d. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk is managed at an 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	Effect on equity TZS'000
Net effect based on financial year end as at 31 December 2012	+10%	-3,138,000	-3,138,000
	-10%	+3,138,000	+3,138,000

e. Credit risk management

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

Collateral

The Company has not pledged or hold collateral at 31 December 2012 and 2011.

Maximum exposure to credit risk

	2012	2011
	TZS ' 000	TZS '000
Trade receivables (Note 22)	12,349,406	5,781,520
Other short-term operating receivables (Note 23)	6,043,519	4,987,192
Bank and cash balances (Note 20)	54,567,099	46,245,482
	72,960,024	**57,014,194**

38. 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 2012 and 31 December 2011.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 35%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	2012	**2011**
	TZS '000	**TZS '000**
Long-term financial liabilities (Note 25)	397,874	452,740
Trade and other payables (Note 26)	28,278,311	36,617,564
Cash and bank balances (Note 20)	(54,567,099)	(46,245,482)
Net debt	(25,890,914)	(9,175,178)
Equity	213,029,612	186,875,852
Capital and net debts	**187,138,698**	**177,700,674**
Gearing ratio	-14%	-5%

39. FAIR VALUE

As at December 2012, the Company held the following financial instruments carried at amortised cost in the statement of financial position:

	Carrying amount		Fair value	
	2012	**2011**	**2012**	**2011**
	TZS '000	**TZS '000**	**TZS '000**	**TZS '000**
Financial assets:				
Cash and bank balances	54,567,099	46,245,482	54,567,099	46,245,482
Trade receivables	12,349,406	5,781,520	12,349,406	5,781,520
Other short-term operating receivables	6,043,519	4,987,192	6,043,519	4,987,192
	72,960,024	**57,014,194**	**72,960,024**	**57,014,194**
Financial liabilities:				
Interest-bearing loans	397,874	452,740	397,874	452,740
Trade and other payables	28,278,311	36,617,564	28,278,311	36,617,564
Dividend payable	2,418,261	2,152,863	2,418,261	2,152,863
	31,094,446	**39,223,167**	**31,094,446**	**39,223,167**

40. LIQUIDITY RISK

Year ended 31 December 2012	On demand	Less than 3 months	3 to 12 months	2 to 5 years	Over 5 years	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Long-term financial liabilities	-	44,068	25,182	201,456	127,168	397,874
Trade and other payables	47,005	27,647,483	583,823	-	-	28,278,311
Dividend payable	2,418,261	-	-	-	-	2,418,261
	2,465,266	**27,691,551**	**609,005**	**201,456**	**127,168**	**31,094,446**
Year ended 31 December 2011						
Long-term financial liabilities	-	43,297	25,182	201,456	182,805	452,740
Trade and other payables	38,046	35,879,737	699,781	-	-	36,617,564
Dividend payable	2,152,863	-	-	-	-	2,152,863
	2,190,909	**35,923,034**	**724,963**	**201,456**	**182,805**	**39,223,167**

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

The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Multi -storey Apartments built with 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(note1)

....

of(Address)

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

The Kibo Hall
Hyatt Kilimanjaro Hotel
Dar es Salaam
Date: 16.04.2013
at 10:30 am

and at any adjournment thereof

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

Notes:

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

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

twiga cement
HEIDELBERGCEMENT Group

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

Mimi/ Sisi...

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

wa Kampuni yaTanzania Portland Cement Company Ltd, Namchagua

wa S.L.P. ....

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

The Kibo Hall
Hyatt Kilimanjaro Hotel
Dar es Salaam
Tarehe: 16.04.2013
saa 10:30 am

Kama shahidi saini yangu/ zetu leo

Sahihi...Tarehe..

Zingatia Yafuatayo:

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

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

TANZANIA PORTLAND CEMENT COMPANY LIMITED ANNUAL REPORT 2012

TANZANIA'S PREFERRED CEMENT

2012

HEIDELBERGCEMENT Group

TANZANIA PORTLAND CEMENT COMPANY LIMITED

www.twigacement.com

P.O. Box 1950, Dar es Salaam, Tanzania
Tel: +255 22 5522000
Fax: +255 22 5522009
info@twigacement.com