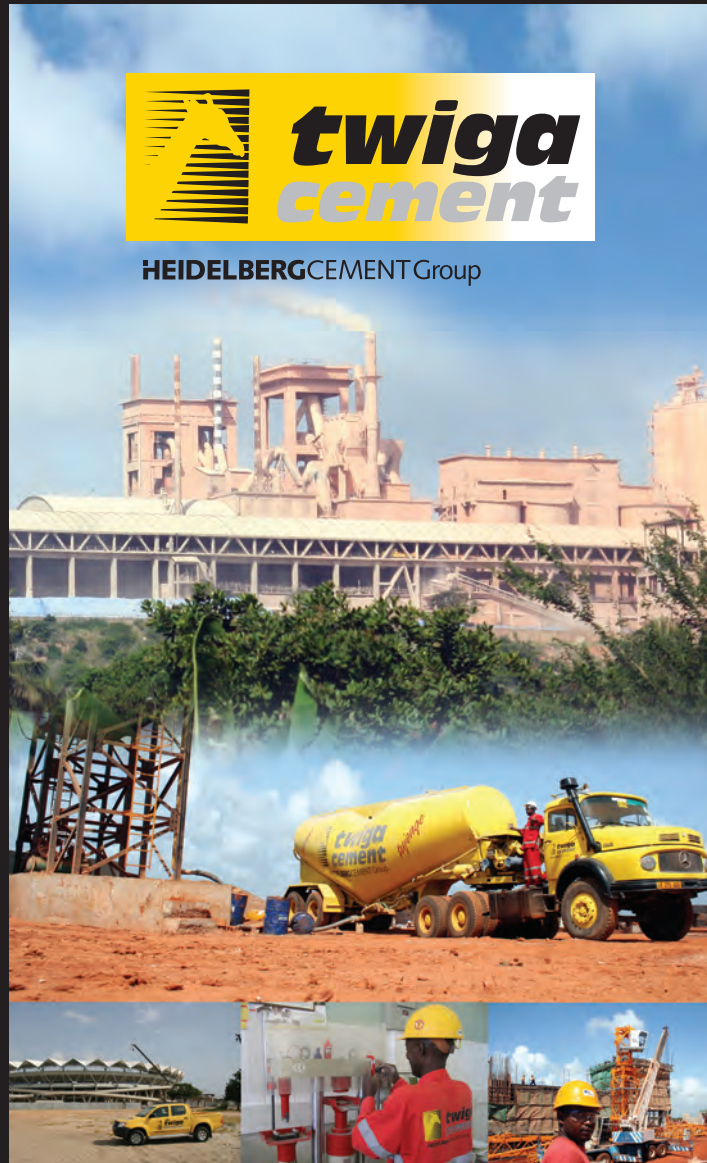


TANZANIA PORTLAND CEMENT COMPANY LIMITED



HEIDELBERGCEMENT Group



ANNUAL REPORT 2007



Nguvu zaidi kwa **ulinzi** zaidi

**Unapokabiliwa na majanga
ya asili, amini ulinzi imara
wa Twiga Cement.
Twiga Cement, chaguo la
kwanza kwa ulinzi madhubuti.**



HEIDELBERGCEMENT Group

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TANZANIA PORTLAND CEMENT COMPANY LIMITED



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 2007, in accordance with section 166 of the Companies Act, 2002.

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

The Directors recommend a final dividend of Tzs 43.00 compared to Tzs 28.00 per share last year.

Jean-Marc Junon



CHAIRMAN

Tanzania Portland Cement Company

Kwa Wanahisa,

Tanzania Portland Cement Company Limited

Barua ya Kuwasilisha

Wakurugenzi wa Kampuni wanayo furaha kuwasilisha kwenu Taarifa ya Mwaka ya Kampuni kwa kipindi cha mwaka unaoishia Desemba 31, 2007, kwa mujibu wa ibara ya 166 ya Sheria ya Kampuni ya mwaka, 2002.

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

Wakurugenzi wanapendekeza gawio la shilingi za Kitanzania 43.00 kwa hisa ikilinganishwa na shilingi 28.00 kwa hisa zilizotolewa mwaka jana.

Jean-Marc Junon



MWENYEKITI
TANZANIA PORTLAND CEMENT COMPANY LIMITED

CHAIRMAN'S REVIEW

Introduction

I am very pleased to announce to our esteemed shareholders that 2007 turned out to be the best year so far in Tanzania Portland Cement Company's (TPCC) history. We recorded strong market growth and expanded our market share. The technical operation was very good and the financial performance very strong. Last year's achievement has strengthened my conviction that the Company is on the right track and that our decision to expand the capacity was the right one.

Industry overview

The entire East African region experienced strong growth in 2007. The increase of the cement demand in Kenya, Uganda and Tanzania is estimated at 15% on average, reaching almost 5 million tons. Development around these three countries has also been substantial; reconstruction in Southern Sudan, increased activity in DRC, Rwanda, Burundi and Zambia as well as in South Africa fueled demand and put pressure on prices.

In Tanzania, the construction sector grew by more than 10% and cement consumption by around 13%. As a result, cement sales reached a level of around 1.7 million tons.

TPCC Operation

TPCC production and sales reached all time high in 2007. Clinker capacity was fully utilized with a production volume of around 400,000 tons. Cement production was also close to capacity with a total volume exceeding 700,000 tons.

Priority continued to be given to the local market. The strong market growth led to increased concentration on TPCC core market, i.e. the larger Dar es Salaam region.

Limited clinker production capacity resulted in the importation of large volumes of clinker. Several factors combined to make this import very costly. World prices for cementous products were high as a result of world demand; international freight rates climbed to unusual high levels; and local handling, transport and logistics costs remained high due to a poorly developed transport sector and weak infrastructure.

TPCC Financial performance

2007 turnover increased by almost 50% compared to 2006, while operating profit grew by 60%. Net result after tax ended at 30.1 billion Tanzanian Shillings (TZS), 54% above 2006 level.

Strong demand for our products and high levels of equipment utilization combined with continued cost focus contributed to this good result despite escalating costs of imported clinker.

TPCC Corporate Citizenship

The Company remains committed to the principles of good corporate governance and Citizenship. We recognize and accept our responsibility to work with our various stakeholders, including the government, to foster sustainable economic growth, a safe work environment, provide adequate employee welfare, and deliver acceptable returns to our shareholders. To the extent possible, and sometimes despite difficult logistical conditions, we endeavor to source raw materials and other inputs from local suppliers. TPCC has established a program for supporting civic activities in the local communities where our business is located. It should also be known that TPCC directly and indirectly provides more than 1,000 jobs and generates more than 40 billion TZS in tax revenue in total for the government.

TPCC Prospects

The future prospects for the cement industry in East Africa are generally good. Solid economic growth and rising income levels, particularly in urban areas, have stimulated construction over the last few years. Infrastructure needs will continue to fuel the construction sector in the foreseeable future. TPCC remains well placed to take advantage of this opportunity. Continued investments in new capacity and modern technology, as well as a relentless focus on cost control will be essential in order to remain competitive in the future.

The government also needs to do its part, with the development of the infrastructure, mainly in the energy and transport sectors. Besides, in order to secure TPCC operation, necessary actions should be taken to remove the illegal settlers from its quarry. Though TPCC won in all legal instances and after more than five years of litigation, the execution of the Court order has (as of mid April 2008) not yet taken place.

TPCC expansion project

The Company's USD 108 million investment in a new production line is well under way. A turn-key contract was signed in March 2007 and the first activity on the ground started in May. An official ground breaking ceremony was held in the presence of members of the government and company dignitaries on 28 September. Construction is on schedule and the first phase of the new production line is expected to be put in operation in August 2008. TPCC will then increase its cement production and ease the present shortage in the market. The second phase (clinker line) is planned to be commissioned in the end of 2009 first quarter.

TPCC Share value

TPCC share price closed the year at 1,140 TZS, valuing the company at TZS 205 billion. This is 78% up compared to 2006 closing price (640 TZS/share) and a 162% gain compared to the IPO price on 29 September 2006 (435 TZS/share). The number of shareholders dropped from 14,942 to 12,400 during 2007.

TPCC Dividend

In light of the cash requirement for financing the expansion project, the Board has proposed a dividend for 2007 of 43 TZS per share. This is an increase of 54% over last year's dividend of 28 TZS per share. Total recommended dividend pay out is therefore TZS 7.74 billion, equivalent to 25.7% of the net profit for the year.

MAELEZO MAFUPI YA MWENYEKITI

Utangulizi

Ninayo furaha kubwa kuwatangazia wanahisa wetu kuwa mwaka 2007 umekuwa mwaka wa mafanikio ya kihistoria kwa Tanzania Portland Cement Company. Tumeshuhudia ukuaji mkubwa wa soko pamoja na kupanuka kwa soko letu. Utendaji wa kiufundi ulikuwa mzuri sana na mapato ya fedha yaliongezeka sana. Mafanikio ya mwaka jana yameongeza imani yangu kwamba Kampuni ina mwelekeo sahihi na kwamba uamuzi wetu wa kupanua uwezo ulikuwa ni wa busara.

Hali ya Kampuni kwa Jumla

Ukanda mzima wa Afrika Mashariki ulishuhudia ukuaji mkubwa katika mwaka 2007. Ongezeko la mahitaji ya saruji nchini Kenya, Uganda na Tanzania linakadiriwa kuwa la wastani wa asilimia 15, na kufikia takribani tani milioni tano. Maendeleo katika nchi za ukanda huo pia yaliongezeka kwa kiasi kikubwa; ujenzi mpya wa Sudan ya kusini, ongezeko la harakati katika Jamhuri ya Kidemokrasia ya Kongo, Rwanda, Burundi, Zambia pamoja na Afrika Kusini lilisababisha kuongezeka kwa mahitaji na kuchochea kupanda kwa bei.

Katika Tanzania, sekta ya ujenzi ilikua kwa zaidi ya asilimia 10 na utumiaji wa saruji uliongezeka kwa asilimia 13. Matokeo yake, mauzo ya saruji yalipanda hadi kufikia kiasi cha tani milioni 1.7.

Utendaji kazi wa Kampuni

Uzalishaji na mauzo ya Kampuni vilivunja rekodi katika mwaka 2007. Uwezo wote wa kuzalisha klinka ulitumika ambapo kiasi cha tani 400,000 zilizalishwa. Na karibu uwezo wote wa kuzalisha saruji ulitumika ambapo kiasi cha zaidi ya tani 700,000 zilizalishwa.

Upendeleo mkubwa umeendelea kuwekwa katika soko la ndani. Ukuaji mkubwa wa soko umesababisha kuelekeza zaidi mauzo yetu kwenye soko kuu la Kampuni, yaani soko la mkoa wa Dar es Salaam.

Uzalishaji mdogo wa klinka umesababisha uagizaji wa kiasi kikubwa cha bidhaa hiyo kutoka nje. Mambo kadhaa kwa pamoja yamesababisha uagizaji huo wa klinka kugharimu fedha nyingi sana. Bei za bidhaa za saruji ulimwenguni zilipanda kutokana na ongezeko la mahitaji duniani; gharama za usafirishaji kimataifa zimepanda hadi kufikia kiwango cha juu sana, na gharama za ndani za upakuaji, usafirishaji na taratibu nyingine zimeendelea kuwa za juu kutokana na uduni wa sekta ya usafirishaji pamoja na ubovu wa miundo mbinu.

Mwenendo wa Kifedha wa Kampuni

Mapato ya Mwaka 2007 yameongezeka kwa asilimia 50 ikilinganishwa na yale ya mwaka 2006, ambapo faida kabla ya kodi imeongezeka kwa asilimia 60. Faida halisi baada ya kutoa kodi ikafikia kiasi cha

shilingi za Kitanzania milioni 30.1, ikiwa asilimia 54 juu ya kiwango cha mwaka 2006. Ongezeko kubwa la bidhaa zetu, pamoja na matumizi ya kiwango cha juu kabisa ya zana zetu sambamba na umakini mkubwa katika masuala ya udhibiti wa gharama vimechangia kwa kiasi kikubwa matokeo haya mazuri licha ya ongezeko kubwa la gharama za uagizaji wa klinka.

Ushiriki wa Kampuni katika Masuala ya Kitaifa

Kampuni imeendelea kudumisha dhamira yake ya kuzingatia kanuni za utawala bora, shirikishi na wenye maslahi kitaifa. Tunatambua na kukubali jukumu letu la kufanya kazi kwa kushirikiana na wadau wengine, ikiwa ni pamoja na serikali, katika kuchochea ukuaji endelevu wa uchumi, mazingira salama ya kazi, ustawi mkubwa kwa wafanyakazi wetu na mapato mazuri kwa wanahisa wetu. Kadiri itakavyowezekana, na bila kujali mazingira magumu ambayo wakati mwingine huweza kujitokeza, tunajitahidi kupata malighafi yetu pamoja na mahitaji mengine kutoka kwa wagavi wa ndani ya nchi. Kampuni imeanzisha programu ya kusaidia shughuli za kiraia katika jamii za mahali penye shughuli za kampuni.

Aidha ifahamike kwamba Kampuni ama moja kwa moja au kwa njia nyingine mbalimbali hutoa ajira kiasi cha zaidi ya 1,000 na kuchangia kodi serikalini kwa jumla ya zaidi ya TZSH bilioni 40.

Mwelekeo wa baadaye wa Kampuni

Mwelekeo wa tasnia ya saruji katika Afrika mashariki kwa jumla ni mzuri. Ukuaji madhubuti wa uchumi pamoja na kuongezeka kwa kipato, hususan katika maeneo ya mjini, vimechochea kukua kwa sekta ya ujenzi katika miaka michache iliyopita. Mahitaji ya miundombinu yataendelea kuchochea ukuaji wa sekta ya ujenzi katika siku za usoni. Kampuni iko katika hali nzuri ya kuweza kutumia fursa hizo mbalimbali.

Juhudi zaidi za uwekezaji katika kupanua uwezo na teknolojia mpya, pamoja na kuwa makini zaidi katika udhibiti wa gharama ni mambo ambayo itabidi yazingatiwe ili kuifanya kampuni ihimili ushindani siku zijazo.

Serikali nayo haina budi kutimiza jukumu lake la kukuza miundo mbinu hususan katika sekta za nishati na usafirishaji. Pamoja na hilo, kwa ajili ya usalama wa shughuli za Kampuni, hatua zinazostahili za kuwaondoa wavamizi waliokalia eneo la machimbo ya Kampuni hazina budi kuchukuliwa. Pamoja na kwamba Kampuni ilishinda katika madai yote kisheria, na baada ya miaka mitano ya kesi, utekelezaji wa amri ya Mahakama (hadi ilipofika katikati ya Aprili 2008) ulikuwa haujafanyika.

Mradi wa Upanuzi wa Kiwanda

Uwekezaji wa kiasi cha dola za Kimarekani milioni 108 katika mtambo mpya wa uzalishaji unaendelea vizuri. Mkataba wa kuanza kazi ulisainiwa Machi 2007 na kazi ilianza rasmi mwezi Mei. Sherehe za uzinduzi wa ujenzi zilifanyika tarehe 28 Septemba na zilihudhuriwa na viongozi wa serikali pamoja na wa Kampuni. Ujenzi unaendelea vizuri kama ilivyopangwa na awamu ya kwanza ya mtambo mpya wa uzalishaji inatarajiwa kuanza kazi ifikapo Agosti 2008. Kuanza kazi kwa mtambo huo mpya kutaiwezesha Kampuni kuongeza uzalishaji wake na kupunguza tatizo la uhaba wa saruji katika soko. Awamu ya pili

(mtambo wa klinka) imepangwa kukamilika mwishoni mwa robo ya kwanza ya mwaka 2009.

Thamani ya hisa za Kampuni

Thamani ya hisa za Kampuni mwishoni mwa mwaka ilikuwa TZSH 1,140 kwa kila hisa, hivyo thamani ya kampuni imefikia TZSH bilioni 205. Thamani hiyo ya hisa ni nyongeza ya asilimia 78 ikilinganishwa na thamani ya kufungia mwaka 2006 (TZSH 640 kwa hisa) na ongezeko la asilimia 162 ikilinganishwa na bei ya kununulia hisa katika soko la awali mnamo Septemba 29, 2006 (TZSH 435 kwa hisa).

Idadi ya wanahisa ilipungua kutoka 14,942 hadi 12,400 katika mwaka 2007.

Gawio

Ikizingatiwa kwamba panahitajika fedha nyingi kwa ajili ya mradi wa upanuzi, Bodi imependekeza kuwa gawio kwa mwaka 2007 liwe TZSH 43 kwa hisa. Hili ni ongezeko la asilimia 54 kwa gawio la mwaka jana la TZSH 28 kwa hisa. Kutokana na pendekezo hilo, kiasi cha jumla ya TZSH bilioni 7.74 kitatumika, hiki ni sawa na asilimia 25.7 ya faida ya mwaka baada ya kulipa kodi.

MANAGING DIRECTOR'S REPORT

Introduction

The year ending 31 December 2007 was a positive and very challenging year for our company. Our sales volumes increased by 27% from 2006, reflecting strong demand and increased market share. The unusually strong increase in demand for cement had to be met using our existing production equipment to its maximum. The operational challenges that this entailed on the technical level can not be underestimated. At the same time, work on our new production line started requiring both financial and human resources as well as close co-ordination with the existing production. The company will face organizational and human resources challenges when this new production line comes into production and our sales and production volumes double. The work to prepare the organization for this day was well under way in 2007.

Sales

Sales picked up strongly in 2007 after having fallen back slightly in 2006. Throughout the East African region periodic shortages were experienced, putting upward pressure on the cement price. Although Tanzania was the least affected country in the region, the Tanzanian cement producers were criticized for not being able to satisfy the demand and control the market price facing the end-consumers. In an effort to ease the supply situation, the government temporarily lifted the regional customs duty on cement for selected importers.

TPCC increased its production up to the limit of our production capacity, thereby delivering 150,000 ton more than the previous year. In an effort to make cement more easily available to the end-users, we opened up our Ubungu site for retail sales. By making volumes available to ordinary consumers at regular prices, we believe we succeeded in limiting the adverse price effect in the local market.

The company continued to develop its product offerings in 2007. The investment in a new installation for cement delivered in big-bags (1.5 tons per bag) and the acquisition of more mobile silos have significantly improved our ability to serve the mining industry and contractor markets. Also, investments in new trucks have improved timely deliveries to priority customers.

Production

The production departments made an outstanding effort over the past year. The technical teams were able to improve productivity and utilization ratios for all the equipment well beyond what can be expected from our old equipment and even surpassed levels seen in other and more modern plants within the HEIDELBERGCEMENT Group. Sustaining this level of performance until the new production line is in place may prove hard. The maintenance requirement for our equipment, now running at full capacity, is mounting and will necessitate more down-time in addition to financial resources.

The high production volumes of cement in 2007 could only be reached using additional imported clinker.

The cost of imported clinker is 3-4 times higher than TPCC's own produced clinker. We will continue to rely on large volumes of imported clinker until phase II of our expansion project becomes operational in the 2nd quarter of 2009. TPCC has tried to cover all other raw material requirements from local sources. However, while gypsum is available locally in Tanzania, some volumes have had to be imported. The quality of locally mined gypsum has shown large variations compounding the challenge of maintaining stable production. The logistical difficulties in securing stable supplies of gypsum during the rainy periods have also proved difficult. Despite these obstacles we will continue to use local suppliers as our main source of gypsum, but complemented by imported volumes to safeguard stable production.

TPCC have access to high quality limestone from our own quarry. The continued extraction is now being hampered by the presence of illegal settlers on the company's land. In some cases, the illegal settlers are now inside the quarry's security zone and are blocking further development of our limestone resources.

The power situation improved markedly from 2006 to 2007. TPCC experienced fewer cuts and the production was therefore less affected by power problems. The electricity quality, however, is still a concern and we are looking forward to the commissioning of the new Tegeta power plant and the dedicated power line that TPCC is building in connection with our expansion project.

Financial performance

Revenues increased markedly by 49% compared to 2006. Significantly higher sales volumes and better prices are the main drivers. Cost of sales, however, showed an even stronger increase (63%) largely affected by the important volumes of imported clinker necessary to cover local cement demand. The gross profit ratio thereby fell from 54% in 2006 to 49% in 2007.

Strict cost control contained most other operating expenses. Administrative costs, however, were severely affected by high legal costs, use of tax consultancy services and cost related to security, mobilization and de-mobilization of equipment and personnel and other associated costs in the on-going eviction case of the illegal settlers. Operating profit increased by 60% to TZS 45.2 billion from 2006 to 2007.

Corporate income tax increased in line with our pre-tax income to TZS 13.5 billion. However, taking into account other taxes, both direct and indirect taxes, TPCC generated more than TZS 40 billion in taxes for the Tanzanian government in 2007.

TPCC's balance sheet and cash-flow remain strong. Non-current assets have increased significantly, mainly the result of the on-going investment in the new production line (capital works in progress). Other important investments in the past year were new overhead crane in the clinker storage, big bag loading facility, container lifter and new truck heads.

Value of inventories increased as the company had a large volume of imported clinker in stock at the end of 2007. Trade receivables have been kept under control, representing around 7 days of average sales, and only 0.5% of our net outstanding is overdue by more than 60 days. Other operating receivables saw a significant reduction as a pre-payment for the expansion project made in 2006 was off-set against the first project milestone payment.

Operating payables increased reflecting the recent arrival of a shipment of imported clinker and payables under the expansion project. No external financing has so far been needed to finance the new production line.

The new production line

Two years ago, TPCC started preparations to expand capacity. After several studies, we decided to invest in a complete new production line instead of improving the existing production lines. The new line will consist of the following elements:

- a new crushing installation to crush the limestone from the quarry
- two new storages of 20,000 metric tons for the crushed limestone
- a new kiln, being able to produce 2,500 metric tons per day of clinker
- a new cement mill with capacity of 650,000 metric tons of cement per year
- a cement silo of 7,500 metric tons
- a new dispatch facility with 4 bays to load cement on trucks

A contract with one of the world's leading suppliers of equipment for the cement industry, the Chinese company CBMI Construction Co., was signed in March 2007. The construction works started in July and by August 2008 TPCC will commission phase I consisting of the cement grinding mill and dispatch facility. This will increase our supply of cement substantially. When fully completed in the 2nd quarter of 2009 (phase II), TPCC will be able to produce more than 1,400,000 metric tons cement per year which is around 80% of the actual cement consumption in the country.



The new production line will be of the latest technology and also be compliant with the highest international environmental standards.

At this present moment (April 2008), the civil works are mainly finished and the erection of the steel structures of the main production workshops started. The equipments will be delivered to site in late April and early May. The installations linked with the cement grinding operations will be erected first, allowing the start of operations as per the contract schedule in August 2008. Then, the equipments for the Clinker line will have their turn and the completion of this part is still according to planning, to be ready the 2nd quarter of 2009.

Outlook

We are optimistic about TPCC's future, and expect that our new investment will deliver significant shareholder value to our investors, particularly in 2009/2010 and beyond. Our focus will remain on improving operational efficiency, delivering quality products to our customers and intense cost control. It is of paramount importance for TPCC to be internationally competitive and remain the leading and most profitable cement producer in Tanzania.

The strong economic growth in the region combined with supply side bottlenecks have resulted in increasing input costs and generally higher inflation. A growing cost pressure has been mounting over the last year and recent months; electricity, wages, transport and other important inputs are increasing rapidly. TPCC must therefore continuously target improvements in its operation and cost structure. Financial success today shall not lead to complacency.

Even though the outlook is very positive there are some issues that still need to be addressed. The government's continued support of the domestic industry is needed for manufacturing to remain part of the country's economic make-up in the years to come. Today's poor infrastructure, particularly in the energy and transport sectors, is of great concern and needs urgent improvement if Tanzanian Industry is to remain competitive. The general business environment also leaves a lot to be desired. Official red-tape, corruption and a weak legal system are major obstacles to further developments. With a continued focus on the above mentioned we have all the chances to be really successful in Tanzania.

RIPOTI YA MKURUGENZI MKUU

UTANGULIZI

Mwaka ulioishia Desemba 31 2007 ulikuwa wa mafanikio na wa changamoto kubwa kwa kampuni yetu. Kiwango chetu cha mauzo kilipanda kwa asilimia 27 kutoka mwaka 2006, kikiashiria ongezeko kubwa la mahitaji na kupanuka kwa soko. Ongezeko lisilo la kawaida la mahitaji ya saruji liliweza kutoshelezwa kwa kutumia uwezo wote wa uzalishaji wa vifaa vilivyopo. Changamoto za uendeshaji zilizotokana na hali hiyo zilikuwa kubwa. Wakati huo huo kazi ya ujenzi wa mtambo wetu mpya wa uzalishaji ikaanza, na kusababisha mahitaji mapya ya fedha na wafanyakazi pamoja na uratibu wa karibu sambamba na ule wa uzalishaji uliokuwepo. Kampuni itakabiliwa na changamoto za kiutawala na raslimali watu pindi mtambo huu mpya wa uzalishaji utakapoanza kazi na kuongeza mauzo na uzalishaji wetu maradufu. Kazi ya kuiandaa kampuni yetu katika kukabiliana na changamoto hizo ilianza vizuri mwaka 2007.

Mauzo

Mauzo yaliongezeka kwa kasi mwaka 2007 baada ya kushuka kidogo mwaka 2006. Katika ukanda mzima wa Afrika mashariki palikuwa na upungufu wa mara kwa mara wa saruji jambo lililochangia kuongezeka kwa bei ya saruji. Pamoja na kwamba Tanzania haikuathiriwa sana kama ilivyokuwa kwa nchi nyingine za ukanda huo, wazalishaji wa saruji wa Tanzania walilalamikiwa kwa kushindwa kukidhi mahitaji hayo na kudhibiti bei ya soko anayonunulia mtumiaji wa mwisho. Katika juhudi za kukabiliana na upungufu huo, serikali iliondoa kwa muda ushuru wa forodha wa saruji katika kanda kwa waagizaji walioteuliwa.

Kampuni imeongeza uzalishaji hadi kufikia ukomo wa juu kabisa wa uwezo wetu wa uzalishaji, kwa uzalishaji wa nyongeza wa tani 150,000 zaidi ya mwaka uliotangulia. Katika juhudi za kurahisisha upatikanaji wa saruji kwa mtumiaji wa mwisho tumefungua kituo chetu cha mauzo ya rejereja cha Ubungo. Kwa kuweza kuwafikishia watumiaji wetu wa mwisho kiasi kikubwa cha saruji kwa bei ya kawaida tunaamini kuwa tumefanikiwa kupunguza tatizo la bei ya ulanguzi katika soko la ndani.

Kampuni iliendelea kubuni njia mbalimbali za usambazaji wa saruji yake katika mwaka 2007. Kuanzishwa kwa usambazaji kwa kutumia mifuko mikubwa (yenye uzito wa tani 1.5) pamoja na ongezeko la matenki maalumu ya kusambazia kumeimarisha sana uwezo wetu wa kuhudumia soko la bidhaa yetu katika migodi na makandarasi wa ujenzi. Aidha kuongezeka kwa malori mapya kumeimarisha ufikishaji saruji kwa wakati kwa wateja wetu muhimu.

Uzalishaji

Idara ya uzalishaji imefanya juhudi kubwa katika kipindi cha miaka miwili iliyopita. Timu ya ufundi iliweza kuongeza tija pamoja na viwango vya utumizi wa mitambo yote zaidi ya vile ambavyo ingetarajiwa kwa mitambo yetu ya zamani na hata kuzidi kiwango kinachotumiwa na mitambo mingine na ya kisasa ya kundi la HEIDELBERGCEMENT. Hata hivyo inawezekana isiwe rahisi kudumisha kiwango hiki cha juu cha utendaji wa mitambo hadi pale mtambo mpya wa uzalishaji utakapoanza kazi. Mahitaji ya

matengenezo ya mitambo yetu ambayo inafanya kazi kwa uwezo wa juu kabisa yamekuwa yakiongezeka na yatasababisha muda zaidi wa kusimama kwa matengenezo pamoja na matumizi ya fedha zaidi.

Kiwango kikubwa cha uzalishaji wa saruji katika mwaka 2007 kiliweza tu kufikiwa kwa kutumia nyongeza ya klinka iliyoagizwa toka nje. Gharama ya klinka toka nje ni mara 3-4 zaidi ya klinka inayozalishwa na Kampuni. Tutaendelea kutegemea kiasi kikubwa cha klinka kutoka nje hadi awamu ya pili ya mradi wetu wa upanuzi itakapoanza kufanya kazi katika robo ya pili ya mwaka 2009. Kampuni imejitahidi kupata malighafi nyingine zote zilizohitajika kutoka katika vyanzo vya ndani. Hata hivyo wakati ambapo jasi inapatikana humu nchini, ilibidi kiasi fulani kiagizwe kutoka nje. Ubora wa jasi inayozalishwa humu nchini umeonekana kubadilikabadilika sana hali ambayo imeongeza changamoto ya uzalishaji wa uhakika. Upatikanaji wa uhakika wa jasi hasa msimu wa mvua umekuwa mgumu. Licha ya matatizo hayo tumeendelea kutumia wagavi wetu wa ndani kama vyanzo vyetu vikuu vya jasi, lakini pia tukalazimika kuagiza kiasi fulani ili kujihakikishia kwamba uzalishaji unaendelea wakati wote.

Kampuni hujipatia mawe ya chokaa ya ubora wa hali ya juu kutoka katika machimbo yake. Hata hivyo uchimbaji wa mawe hayo kwa sasa unakwamishwa na kuwepo kwa wavamizi katika eneo la kampuni. Kwenye baadhi ya maeneo makazi ya wavamizi hao yako ndani ya eneo la usalama la machimbo na wanazuia uendelezaji wa uchimbaji katika maeneo hayo.

Hali ya nishati ya umeme iliimarika sana kuanzia mwaka 2006 hadi 2007. Kampuni haikukabiliwa na matatizo makubwa ya kukatikakatika kwa umeme hali ambayo ilifanya uzalishaji uende vizuri bila kuathirika sana. Hata hivyo hali ya ubora wa umeme bado ni ya wasiwasi na tunatarajia mambo yatabadilika pale mtambo mpya wa Umeme wa Tegeta utakapoanza kazi pamoja na njia mpya ya pekee ya umeme ambayo Kampuni imeruhusiwa kujenga kama sehemu ya mradi wa upanuzi.

Utendaji kifedha

Mapato yaliongezeka kwa kiwango kikubwa cha asilimia 49 ikilinganishwa na mwaka 2006. Kwa kiasi kikubwa ongezeko hilo limetokana na ongezeko kubwa la mauzo pamoja na bei nzuri. Hata hivyo gharama za mauzo ziliongezeka kwa kiasi kikubwa (asilimia 63) hasa kutokana na uagizaji wa klinka iliyohitajika kwa ajili ya kufidia ongezeko la uzalishaji wa saruji. Hivyo basi, uwiano wa faida ghafi ulishuka kutoka asilimia 54 mwaka 2006 hadi 49 mwaka 2007.

Udhibiti makini wa gharama katika maeneo mengine ulisaidia kupunguza gharama za uendeshaji. Hata hivyo gharama za kiutawala ziliathiriwa sana na gharama kubwa za masuala ya kisheria, matumizi ya huduma za ushauri wa masuala ya kodi pamoja na gharama zinazohusiana na masuala ya usalama, ukusanyaji na uondoshaji wa vifaa, raslimali watu na gharama nyinginezo zinazohusiana na kesi inayoendelea kuhusu wavamizi wa eneo la kampuni.

Faida kabla ya kodi iliongezeka kwa asilimia 60 hadi SHTZ bilioni 45.2 kutoka mwaka 2006 hadi 2007.

Kodi ya mapato ya Kampuni iliongezeka kulingana na mapato yetu hadi kufikia SHTZ bilioni 13.5. Hata hivyo, tukiangalia upande wa kodi nyingine, kodi dhahiri na isiyo dhahiri, Kampuni ililipa zaidi ya SHTZ bilioni 40 kwa serikali ya Tanzania katika mwaka 2007.

Mizania na mtiririko wa fedha viliendelea kuimarika. Mali zisizohamishika zimeongezeka kwa kiasi kikubwa, hasa kutokana na uwekezaji unaoendelea katika mtambo mpya wa uzalishaji. Uwekezaji mwingine muhimu kwa mwaka uliopita ulikuwa Krini (mashine ya kuhamisha bidhaa kwenye bohari ya klinka), vifaa vya kupakilia viroba vikubwa vya saruji, kiweko cha kontena na vichwa vipya vya malori.

Thamani ya bidhaa iliongezeka kutokana na kiasi kikubwa cha akiba ya klinka iliyoagizwa nje mwishoni mwa 2007. Wadaiwa wa biashara wamedhibitiwa vizuri ambapo huchukua wastani wa siku 7 za mauzo, na kiasi cha asilimia 0.5 tu ya malipo ndiyo ambayo huchukua zaidi ya siku 60 kulipwa. Madai toka kwa wadaiwa wengineo yamepungua sana kwa kuwa malipo ya awali yaliyofanyika mwaka 2006 kwa ajili ya mradi wa upanuzi, yalitumika katika malipo ya kwanza ya mradi.

Madeni ya kibiashara yameongezeka kutokana na kuwasili hivi karibuni kwa shehena ya klinka pamoja na shughuli za mradi wa upanuzi. Hakujawa na mahitaji toka nje ya Kampuni kwa ajili ya kugharamia mtambo mpya wa uzalishaji.

Mtambo mpya wa uzalishaji

Miaka miwili iliyopita, Kampuni ilianza maandalizi ya kupanua uwezo wa uzalishaji. Baada ya tafiti kadhaa, tuliamua kuwekeza katika mtambo mpya wa uzalishaji badala ya kuboresha mitambo ya uzalishaji iliyokuwepo. Mtambo mpya wa uzalishaji utajumuisha :

- mtambo mpya wa kusaga mawe ya chokaa kutoka machimboni
- Maghala mawili yenye uwezo wa kuhifadhi tani 20,000 za chokaa iliyosagwa
- tanuru jipya, lenye uwezo wa kuzalisha tani 2,500 za klinka kwa siku
- mtambo mpya wa saruji wenye uwezo wa kuzalisha tani 650,000 za saruji kwa mwaka
- ghala la saruji lenye uwezo wa kuhifadhi tani 7,500
- mtambo mpya wenye vipakio 4 vya saruji wa kupakia saruji kwenye malori

Mkataba na mmoja wa wasambazaji wakubwa wa mitambo ya saruji duniani, kampuni ya Kichina ya CBMI Construction Co., ulitiwa saina Machi 2007. Kazi ya ujenzi ilianza Julai na kufika Agosti 2008 awamu ya kwanza ya mradi yenye mtambo wa kusaga saruji na mitambo ya kupakia saruji itaanza kufanya kazi. Hii itaongeza kwa kiasi kikubwa uzalishaji wetu wa saruji. Kazi itakapokamilika kabisa katika robo ya pili ya 2009 (awamu ya II), Kampuni itakuwa na uwezo wa kuzalisha zaidi ya tani 1.400.000 za saruji kwa mwaka kiasi ambacho ni takriban asilimia 80 ya mahitaji halisi ya saruji nchini.



Mtambo mpya wa uzalishaji utakuwa wa teknolojia ya kisasa kabisa na pia utakidhi viwango vya juu kabisa vya kimataifa vya hifadhi ya mazingira.

Kwa sasa (Aprili 2008), kazi za ujenzi wa majengo zimekamili kwa kiasi kikubwa na ujenzi wa mitambo ya karakana kuu ya uzalishaji umeanza. Mitambo itawasili eneo la ujenzi kati ya mwishoni mwa Aprili na mwanzoni mwa Mei. Mitambo inayohusika na shughuli za usagaji wa saruji itafungwa kwanza, ili kuruhusu uzalishaji uanze kwa mujibu wa ratiba ya mkataba mwezi Agosti 2008. Kisha, mashine kwa ajili ya klinka zitafuata na ukamilishaji wa sehemu hii bado unaenda kulingana na mipango yetu, ambayo inalenga kuikamilisha kazi hiyo ifikapo robo ya pili ya 2009.

Matarajio

Matarajio yetu kuhusu hali ya baadaye ya kampuni ni makubwa, na tunatarajia kwamba uwekezaji mpya utamnufaisha sana mwanahisa wetu kwa kuongeza thamani ya hisa zake, hasa mwaka 2009/2010 na kuendelea. Dhamira yetu kuu itabaki kuwa ni kuboresha ufanisi katika uendeshaji, kuwapatia wateja wetu bidhaa iliyo bora zaidi na kudhibiti gharama kikamilifu. Ni muhimu sana kwa Kampuni kuwa na uwezo wa ushindani kimataifa na kuendelea kuongoza na kuwa mzalishaji wa saruji kwa faida zaidi nchini Tanzania.

Ukuaji mkubwa wa kiuchumi katika kanda pamoja na vikwazo vya ugavi vimesababisha ongezeko la gharama za uzalishaji na mfumuko mkubwa wa bei kwa jumla. Kume kuwa na shinikizo la ongezeko la gharama kwa mwaka uliopita na katika miezi ya hivi karibuni; gharama za umeme, mishahara, usafirishaji pamoja na mahitaji mengine muhimu zimeongezeka kwa haraka sana. Hivyo Kampuni italazimika kuendelea mara kwa mara na mkakati wake wa uboreshaji wa uendeshaji na wa mfumo wa gharama. Mafanikio ya leo kifedha yasitufanye tukabweteka.

Pamoja na kwamba matumaini ni mazuri sana kuna baadhi ya masuala ambayo bado yanahitaji kutazamwa kwa makini. Kwanza ni umuhimu wa serikali kuendelea kuvisaidia viwanda vya ndani, ili viweze kuwa sehemu muhimu ya uchumi wa nchi miaka ijayo. Hali iliyoko ya miundombinu duni, hasa katika sekta za nishati na usafirishaji, ni tatizo kubwa na linalopaswa kushughulikiwa haraka sana ili kuviwezesha viwanda vya Tanzania kumudu ushindani. Pili, mazingira ya biashara kwa ujumla yana kasoro nyingi. Urasimu wa maafisa wa serikali, rushwa na mfumo dhaifu wa kisheria ni vikwazo vikubwa vya maendeleo. Endapo matatizo haya yatashughulikiwa kikamilifu na kutatuliwa tunao uwezekano mkubwa wa kuleta mafanikio ya kweli nchini Tanzania.

TWIGA BRANDS



TWIGA ORDINARY (CEM I 42.5 N)

Twiga Ordinary is our traditional Portland cement and has slightly higher strength than Twiga Extra.

Twiga Ordinary is produced using carefully selected raw materials. Strict quality control throughout each stage of manufacturing process ensures that a consistent quality of the final product is achieved and satisfaction of the customer.

Twiga Ordinary is licensed under TBS which provides independent third party certification of product conformity and it also produced strictly according to TZS 727:2002-Cem I standard, equivalent to European Norm, EN 197-1.



TWIGA EXTRA (CEM II 32.5 N)

Twiga extra is extremely easy to work with and produces consistently excellent results every time in use. This consistent quality, versatility and proven strength product is preferred by builders, architects, engineers, contractors and individual builders.

This product has extra value for your money, it has good workability. Forms, plasters and molds very good, it is strong, is a uniform product and is a composite cement with pure limestone. It is produced strictly according to the new TZS 727:2002-Cem II standard which is also equivalent to European Norm, EN 197-1.

PACKAGING



Bags of 50 kg net

Twiga cement (Twiga ordinary or Twiga extra) is filled into polypropylene bags of 50 kg net. The size of the bag is consumer friendly and is convenient for manual handling from retail shops to more demanding construction sites. On the bag, there are instructions on storage, use of product and safety precautions.



Big bag of 1.5 tons

Twiga cement is filled into big bags of 1.5 tons each. This packaging option is largely preferred by building contractors having medium scale operations and is made on prior-arrangement as it needs special equipment to offload from truck.



Bulk cement

Bulk cement is pumped into bulk cement tankers (trucks) with capacities of about 30 metric tons (MT). This packaging is preferred by contractors involved in projects that need large quantities of cement supplied on a continuous basis. It requires one or more cement silos installed at the construction site to receive the bulk volumes.

CHAPA TWIGA



TWIGA ORDINARY (CEM I 42.5 N)

Twiga Ordinary ndiyo bidhaa yetu ya asili, uimara wake unazidi kidogo ule wa Twiga Extra.

Twiga Ordinary huzalishwa kwa kutumia malighafi iliyochaguliwa kwa makini kabisa. Udhibiti wa hali ya juu wa ubora katika kila ngazi ya uzalishaji wake huhakikisha kwamba bidhaa inakuwa na ubora wa hali ya juu na unaowaridhisha wateja.

Twiga Ordinary imeidhinishwa na shirika la viwango Tanzania (TBS) ambalo ni asasi huru inayotoa hati ya uthibitisho wa ubora wa bidhaa, vilevile bidhaa hii huzalishwa kwa kuzingatia kikamilifu kiwango cha kitaifa TZS 727:2002-Cem I ambacho ni sawa na kinachotumiwa na nchi za Ulaya cha EN 197-1.



TWIGA EXTRA (CEM II 32.5 N)

Twiga extra ni saruji rahisi sana kutumia na wakati wote ina matokeo mazuri kila inapotumika. Ubora wake ni wa uhakika, kufaa kwake katika matumizi mbalimbali pamoja na uimara wake uliothibitishwa huifanya ipendelewe zaidi na wajenzi, wasanifu majengo, wahandisi, makandarasi pamoja na wajenzi binafsi.

Bidhaa hii ina thamani ya ziada kwa fedha zako, inatumika kirahisi, inapotumika inafanya ripu na nguzo kuwa imara. Ni bidhaa ya uhakika na ni saruji iliyotengenezwa kwa matumbawe halisi. Huzalishwa kwa kuzingatia kiwango kipya cha saruji TZS 727:2002-Cem II ambacho ni sawa na kile kinachotumiwa na nchi za ulaya cha, EN 197-1.

UFUNGASHAJI



Mifuko ya kilogramu 50 kamili

Saruji chapa Twiga (Twiga ordinary or Twiga extra) hujazwa kwenye viroba vya kilogramu 50 kamili. Kiroba kina ukubwa ambao ni rahisi kuchukulika na hubebeka kutoka katika duka la mauzo ya rejereja hadi kwenye eneo la ujenzi. Juu ya kioba kuna maelezo kuhusu namna ya kuhifadhi, kutumia na tahadhari za usalama.



Mfuko Mkubwa wa tani 1.5

Saruji chapa Twiga hujazwa kwenye viroba vikubwa vya tani 1.5. Aina hii ya ufungashaji hupendelewa zaidi na makandarasi wa ujenzi wenye shughuli za ukubwa wa kati na hufanywa kwa makubaliano maalumu kwa vile upakuaji wake kutoka kwenye malori huhitaji vifaa maalumu.



Saruji ya ujazo mkubwa

Saruji ya ujazo mkubwa kabisa huingizwa kwenye matenki maalumu ya kusafirishia saruji yenye uwezo wa kuchukua kiasi cha tani 30. Aina hii ya usafirishaji wa saruji hupendelewa na makandarasi wa miradi inayohitaji saruji nyingi kwa mfululizo. Huhitaji kifaa maalumu cha kuhifadha (silo) kwenye eneo la ujenzi.

CORPORATE SOCIAL RESPONSIBILITY

Tanzania Portland Cement Company recognizes the fact that good corporate citizenship is not only about putting in place sound business strategies, making impressive profits, paying good salaries and making huge tax returns, but also about creating partnership with the community and ensuring both parties benefit from the cooperation.

We therefore have a comprehensive Corporate Social Responsibility plan through which we share our gains with our communities which makes our operations possible by being good neighbours and customers.

Our social responsibility agenda is evident in our involvement in projects such as environment, education and orphans care.



JUKUMU LA PAMOJA LA KIJAMII

Tanzania Portland Cement Company inatambua ukweli kwamba heshima yake katika nchi haiko tu katika masuala ya kuwa na mikakati bora ya kibiashara, kuendesha biashara kwa ufanisi mkubwa , kulipa mishahara na kulipa kodi kubwa serikalini, bali pia katika kujenga ushirika na jumuiya na kuhakikisha kwamba kila upande katika ushirika huo unanufaika.

Kutokana na kuelewa hilo, tunao mpango kabambe wa Jukumu la Pamoja la Kijamii ambao hutupatia fursa ya kuishirikisha jamii katika mafanikio yetu na kuwafanya wawe majirani na wateja wetu wema.

Kushiriki kwetu katika masuala ya kijamii kunadhihirishwa na mchango wetu katika miradi kama vile ya mazingira elimu na huduma kwa yatima.



BOARD OF DIRECTORS



Mr. Jean-Marc Junon, French

[B. Sc. Degree in Civil Engineering]

Mr. Jean-Marc Junon is Chairman of the Board of Directors of TPCC from April 2005. He took his apprenticeship on the production side in the nuclear industry in France, where he worked for 5 years rising to the position of Site Manager. He joined the cement industry in 1987 as Deputy Plant Manager in Italcementi Group, serving that Group for 14 years in increasingly more responsible posts, overseeing executive roles in production, strategic business planning & development. He rose to the position of Business Development Manager in charge of South-East Asia and China before leaving Italcementi at the end of 2000. He joined the HeidelbergCement Group in 2001 as Chief Operating Officer in charge of China.

He is currently Chief Operating Officer for HeidelbergCement Africa. Mr. Junon chairs or sits on the Boards of several other companies in the Group.



Mr. Klaus Henrik Hvassing, Norwegian

[M. Sc. Degree in Business, B.Sc. Degree in Civil Engineering]

Mr. Klaus Hvassing was in December 2004 appointed Managing Director of TPCC, Tanzania, and Area Manager East Africa, responsible for Tanzania and project support in Africa. He entered HeidelbergCement in 1994 as Financial Manager of the Norcem Kjøpsvik plant in Norway. He was appointed Plant Manager in the same plant in 1995 and, from 2001, Plant Manager for Norcem Brevik plant.

At the end of the same year he was appointed Senior Vice President in Scancem International ANS, responsible for Technical Support, Procurement, with country responsibility for Liberia and Sierra Leone. A holder of Master of Science degree in business and a B.Sc. degree in civil engineering, Mr. Hvassing also serves on the Boards of other companies in the HeidelbergCement Group.



Mr. William Mlaki, Tanzanian

[MSc in Industrial and Agro-Industrial Management]

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



Mr. George Fumbuka, Tanzanian

[MBA Finance from the University of Strathclyde Business School, CPA.]

Since 1990 he is Director and CEO of CORE Securities. He has previously worked for Tanesco (1984-89), Coopers and Lybrand (1981-84), the Board of External Trade (1976-78) and for the Institute of Finance Management (1976-81). He is a Board Member at Ngorongoro Conservation area Authority and is sitting on the Ministerial Advisory Board – RIA and the Governing Council of the Dar es Salaam Stock Exchange.



Mr. Daniel Gauthier, Belgian

[Civil Eng. Mining, Master Degree in Management, Civil Engineer]

25 years experience in various position in the cement sector. He is a member in the Managing Board of the HeidelbergCement and CEO for area of Northern Europe, Benelux, Africa, Med-East, and Trading. He is the President and CEO of CBR S. A, President of 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), CCC (China).



Mr. Ola Schippert, Swedish

(Master of Business Administration)

Mr. Ola Schippert is currently Senior Vice President with responsibility for Finance and IT at HeidelbergCement Africa. He began his career with a Swedish Chartered Accountant firm in 1984 where he worked for 4 years, in the last years as audit manager. In 1988 he joined the Scancem Group as a controller at the Head Office in Malmo, Sweden. He has since then held various management positions in Europe, Africa and Asia first in Scancem Group and later in HeidelbergCement Group. He was in 2006 appointed to his current position as Senior Vice President in HeidelbergCement Africa. In January 2008 he was appointed to the board of TPCC and also as Chairman for the Audit Committee of TPCC.

BODI YA WAKURUGENZI



Bw. Jean-Marc Junon, Mfaransa

[Digrii ya kwanza ya Sayansi katika Uhandisi Ujenzi]

Bw. Jean-Marc Junon ni Mwenyekiti wa Bodi ya Wakurugenzi wa Kampuni kuanzia Aprili 2005. Alipata mafunzo yake ya uzalishaji katika tasnia ya nyuklia huko Ufaransa, ambapo alifanya kazi kwa miaka mitano akapanda cheo hadi kufikia ngazi ya Meneja wa Eneo la Ujenzi "Site Manager". Alijiunga na tasnia ya saruji mnamo mwaka 1987 kama Meneja Msaidizi wa Kiwanda katika kampuni ya Italcementi Group, akafanya kazi na Kampuni hiyo kwa miaka 14 katika nyadhifa kubwa mbalimbali, kusimamia majukumu ya watendaji katika uzalishaji, mipango mkakatia 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 la HeidelbergCement Group



Bw. Klaus Henrik Hvassing, Mnorwei

[Digrii ya Uzamili ya Sayansi ya Biashara, Digrii ya kwanza ya Uhandisi Ujenzi]

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



Bw. William Mlaki, Mtanzania

[Shahada ya Uzamili ya Sayansi katika Uongozi wa Viwanda na Viwanda vya Kilimo]

Bw. Mlaki ni Meneja Mkuu wa Benki ya Raslimali Tanzania (TIB). Ameshika nyadhifa mbalimbali katika TIB tangu 1972 (Afisa Mwandamizi, Mkurugenzi wa Mipango na Maendeleo na Mkurugenzi wa Usimamizi na Ufuatiliaji). Yeye pia ni Mwenyekiti wa Bodi ya Wakurugenzi ya PTA Bank (Eastern and Southern African Trade and Development bank).



Bw. George Fumbuka, Mtanzania

[Shahada ya Uzamili katika Usimamizi wa Fedha ya Chuo Kikuu cha Strathclyde Business School, ACCA]

Tangu 1990 ni Mkurugenzi na Afisa Mkuu Mtendaji wa CORE Securities. Amewahi kufanya kazi Tanesco (1984-89), Coopers and Lybrand (1981-84), Bodi ya Biashara ya nje (1976-78) na Chuo cha Usimamizi wa Fedha (IFM) (1976-81). Ni mjumbe wa Bodi katika Mamlaka ya Hifadhi ya Ngorongoro na yupo katika Bodi ya Ushauri ya Wizara – RIA na Baraza la Utawala la Soko la Hisa la Dar es Salaam.



Bw. Daniel Gauthier, Mbeligiji

[Mhandisi Ujenzi - Madini, Digrii ya Uzamili katika Uongozi, Mhandish Ujenzi]

Miaka 25 ya uzoefu katika nyadhifa mbalimbali kwenye sekta ya saruji. Ni mjumbe katika Bodi ya Utawala ya HeidelbergCement na Afisa Mkuu Mtendaji kwa kanda ya Ulaya Kaskazini, Benelux, Africa, Med-East, and Trading. Ni Raisi na Afisa Mkuu Mtendaji wa CBR S. A, Raisi wa European Cement Research Association, Raisi wa Polytech Mons Alumni, Mjumbe wa Bodi wa LVI (Carmeuse Group), Mjumbe wa Bodi wa Cembureau na Mjumbe wa Kamati ya the Science Academy of Belgium for the Application of the Science. Pia ni Mjumbe wa Bodi ya HeidelbergCement Northern Europe (Sweden); Akçansa (Turkey), CCC (China).



Bw. Ola Schippert, Mswedi

[Digrii ya Uzamili katika Utawala]

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

COMPANY INFORMATION

PRINCIPAL PLACE OF BUSINESS

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

BANKERS

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

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

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

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

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

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

SOLICITORS

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CRDB Building, Wing B
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Uhuru Street
P. O. Box 6851
Dar es Salaam

COMPANY SECRETARY

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

COMPANY AUDITORS

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

ENEOLA SHUGHULI ZA KAMPUNI

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

BENKI

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

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

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

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

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

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

MAWAKILI

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

FK Law Chambers

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

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

KATIBU WA KAMPUNI

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

WAKAGUZI WA HESABU ZA KAMPUNI

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors have the pleasure in submitting their report, together with the audited financial statements of the Company for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activities during the year under review were manufacture and sale of cement.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required under the Companies Act No. 12 of 2002 to prepare financial statements of the Company for each financial year, as at the end of the financial period, that gives a true and fair view of the state of affairs of the company for that period. The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgement and estimates have been made in the preparation of the financial statements for the year ended 31 December 2007. The directors also confirm that the International Financial Reporting Standards have been followed and that the financial statements have been prepared on the going concern basis. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act No. 12 of 2002. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

DIRECTORS

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

Mr. Jean-Marc Junon	French	Chairman
Mr. Klaus Hvassing	Norwegian	Director
Mr. William Mlaki	Tanzanian	Director (Appointed on 12 April 2007)
Mr. George Fumbuka	Tanzanian	Director (Appointed on 12 April 2007)
Mr. Daniel Gauthier	Belgian	Director (Appointed on 12 April 2007)
Mr. Ola Schippert	Swedish	Director (Appointed on 17 January 2008)
Mrs. Elipina Mlaki	Tanzanian	Director (Resigned on 12 April 2007)
Mr. Arne-Jørg Selen	Norwegian	Director (Resigned on 12 April 2007)
Mr. Januarius Mrema	Tanzania	Director (Resigned on 12 April 2007)
Mr. Giv Brantenberg	Norwegian	Director (Resigned on 17 January 2008)

With the exception of Mr. Klaus Hvassing, Managing Director, all other directors are nonexecutive.

DIRECTOR'S INTEREST IN THE SHARES OF THE COMPANY

	Number of shares
Mr. Jean-Marc Junon	0
Mr. Klaus Hvassing	0
Mr. William Mlaki	49,927
Mr. George Fumbuka	0
Mr. Daniel Gauthier	0
Mr. Ola Schippert	0

DIRECTORS' REMUNERATION

The remuneration for services rendered as directors of the Company in 2007 was as follows:

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

In addition, each director was paid an allowance of United States Dollar (US\$) 1,200 for each sitting of the Board. During the year under review, directors' remuneration were TZS 25,919,680 (2006: TZS 40,496,800).

REVIEW OF THE BUSINESS

The company recorded a sales volume of 722,000 tones during 2007 compared to 566,000 tones in 2006. Clinker production increased by approx 4%, or 14,000 tones, to 395,000 tones. Cement production, like sales, reached about 722,000 tones. The operating result is shown on page 44 of these financial statements.

SOLVENCY EVALUATION

The directors have reviewed the current financial position of the Company and the existing long and short-term borrowings. On the basis of this review together with the current business plan, the directors are satisfied that the Company is a solvent going concern within the meaning ascribed by the Companies Act No. 12 of 2002 of the laws of Tanzania and internationally accepted accounting principles.

MAJOR EVENTS

Triggered by strong growth in demand for cement in Tanzania, TPCC's sales and production volumes reached all-time highs. In order to meet the rising demand, TPCC imported a record five shipments of clinker to make up for its own shortfall in production capacity. Rising world market prices for cement products and transport made this import activity unusually expensive.

The proposed expansion project received final approval in early 2007. A turn-key contract for the construction of the new production line was signed with a Chinese company, CBMI, in March. Construction started shortly after, and a ground breaking ceremony was held at the site on 28 September. The first phase of the project is expected to be in production from August 2008, and the second phase from April 2009. The project is a key component in TPCC's strategy to remain the premier cement manufacturer in Tanzania by ensuring coverage of local demand with locally produced raw materials.

After TPCC in October 2006 won the case brought by the Company against 933 trespassers occupying TPCC's land, a lengthy appeal case prevented the Company from repossessing the land in 2007. The presence of the trespassers on the Company's land just to the east of the quarry is now endangering continued operation as it limits the safe expansion of the quarry operation.

The price of TPCC's shares listed on the Dar es Salaam stock exchange closed the year at 1,140 TZS/share, valuing the Company at 205 billion TZS. The share price development during 2007 was very positive; increasing by 78% from the 2006 closing price of 640 TZS/share, and showing a 162% gain compared to the offer price at the Initial Public Offering (IPO) on 29 September 2006 (435 TZS/share). TPCC's share remained the most traded share on the Dar es Salaam stock exchange throughout the year.

RELATED PARTY TRANSACTIONS

The Company imports raw materials, spare parts and consumables on an arms-length basis from Scancem International ANS that owns 69.3% equity stake in the Company. Details of related party transaction are shown in note 26 of the financial statements.

EMPLOYEE WELFARE

Relationship between management and employees

A voluntary agreement entered into between the Tanzania Union of Industrial and Commercial Workers (TUICO) and management governs the relationship between management and employees. The validity of the current agreement expired on 31 December 2005. Negotiations for the renewed agreement were not concluded in 2007.

Medical facilities

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

Industrial safety

The Company has facilities and equipment in place, which meet the requirements contained in the Occupational Health and Safety Act, 2003 and other relevant legislation concerning industrial safety.

Training

The Company's regular training activities continued in 2007. Process engineering training, however, was postponed due to the forthcoming introduction of new technologies with the new production line. Training activities will be coordinated with the activities of the expansion project.

Emoluments

Salary levels are adjusted annually within the Company's means after negotiations between TUICO and management. The 2007 increments were agreed in January 2007. During the year under review, all permanent employees had income levels of TZS 3 million per annum or more.

Employee benefits

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

Disabled persons

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

ENVIRONMENTAL MATTERS

Extensive rehabilitation of the two kilns and overhaul of other equipment during the period 2002 – 2006 have had a major impact in reducing dust emissions. Bag filters were installed for all the three mills and the packing machines in 2005 and 2006. Awaiting the new production line with state-of-the-art environmental technology, improved housekeeping has been the focus for 2007.

BOARD MEETINGS

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

DONATIONS

During the year under review, the Company made donations and other contributions of a charitable nature valuing about TZS 154 million. There were no political donations.

DIVIDENDS

The directors recommend payment of TZS 7.74 billion to Shareholders as first and final dividend out of retained earnings. In making this proposal the directors have taken into account the financial needs of the approved expansion project. The proposed dividend is an increase of 54% compared to last year's dividend and represents 25% of the net result of the year.

AUDITORS

Ernst & Young were the Company's auditors for year 2007. They have expressed their willingness to continue and are eligible for reappointment. A resolution to appoint auditors for year 2008 will be proposed at the Annual General Meeting.

By order of the Board

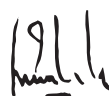
Name: **Jean-Marc Junon** Title: **Chairman**

Signature:



Name: **William Mlaki** Title: **Director**

Signature:



Date: 24 April 2008

RIPOTI YA WAKURUGENZI

Wakurugenzi wanayo furaha kuwasilisha ripoti yao, pamoja na taarifa ya mkaguzi wa hesabu za Kampuni kwa mwaka unaoishia Desemba 31, 2007.

SHUGHULI KUBWA

Shughuli kubwa zilizofanyika kwa mwaka unaohusika zilikuwa ni utengenezaji na uuzaji wa saruji.

TAARIFA YA MAJUKUMU YA WAKURUGENZI

Kwa mujibu wa Sheria ya Kampuni Na. 12 ya 2002 wakurugenzi wana wajibu wa kuandaa taarifa ya fedha ya Kampuni kwa kila mwaka wa fedha, mwishoni mwa mwaka wa fedha, ambayo itatoa picha halisi na ya kuridhisha ya mwenendo wa Kampuni kwa kipindi cha mwaka husika.

Wakurugenzi wanathibitisha kwamba sera stahiki za uhasibu zimekuwa zikizingatiwa na kutumika ipasavyo, aidha busara na uwajibikaji vimezingatiwa katika kufanya maamuzi na makadirio wakati wa maandalizi ya taarifa ya fedha ya mwaka unaoishia Desemba 31 2007. Vilevile wakurugenzi wanathibitisha kwamba Viwango vya Kimataifa vya Uandaaji wa Taarifa za Fedha vimezingatiwa na kwamba taarifa za fedha zimetayarishwa kwa misingi ya biashara endelevu

Wakurugenzi wana jukumu la kutunza kumbukumbu za kihasibu zinazokubalika zinazoonyesha, kwa usahihi wakati wowote hali ya kifedha ya kampuni na pia zinazodhihirisha kwamba taarifa za fedha zinaandaliwa kwa kuzingatia Sheria ya kampuni Na.12 ya 2002. Aidha wakurugenzi wana jukumu la kuhakikisha usalama wa mali za Kampuni na kwa hali hiyo wanao wajibu wa kuchukua hatua zinazostahili katika kuzuia na kubainisha udanganyifu, hitilafu pamoja na makosa mengine. Jukumu hili linajumuisha: kutunga, kutekeleza na kudumisha udhibiti wa ndani unaostahili katika utayarishaji na uwasilishaji mzuri wa taarifa za fedha zisizo na mapungufu ya, ama udanganyifu au wa hitilafu; kuteua na kutumia sera muafaka ya uhasibu; na kufanya makadirio yanayoendana na hali halisi.

WAKURUGENZI

Wakurugenzi wa Kampuni ambao hadi tarehe ya kuandaliwa kwa ripoti hii wameitumikia Kampuni kwa mwaka mzima isipokuwa pale ilipoonyeshwa vinginevyo ni

Bw. Jean-Marc Junon	Mfaransa	Mwenyekiti
Bw. Klaus Hvassing	Mnorwei	Mkurugenzi
Bw. William Mlaki	Mtanzania	Mkurugenzi (Aliteuliwa tarehe 12 Aprili, 2007)
Bw. George Fumbuka	Mtanzania	Mkurugenzi (Aliteuliwa tarehe 12 Aprili, 2007)
Bw. Daniel Gauthier	Mbeligiji	Mkurugenzi (Aliteuliwa tarehe 12 Aprili, 2007)
Bw. Ola Schippert	Mswedi	Mkurugenzi (Aliteuliwa tarehe 17 Januari, 2008)
Bi. Elipina Mlaki	Mtanzania	Mkurugenzi (Alijiuzulu tarehe 12 Aprili, 2007)
Bw. Arne-Jørg Selen	Mnorwei	Mkurugenzi (Alijiuzulu tarehe 12 Aprili, 2007)
Bw. Januarius Mrema	Mtanzania	Mkurugenzi (Alijiuzulu tarehe 12 Aprili, 2007)
Bw. Giv Brantenberg	Mnorwei	Mkurugenzi (Alijiuzulu tarehe 17 Januari, 2008)

Ukimuondoa Bw. Klaus Hvassing, Mkurugenzi Mkuu, wengine sio wakurugenzi watendaji.

MASLAHI YA WAKURUGENZI KATIKA HISA ZA KAMPUNI

	Idadi ya Hisa
Mr. Jean-Marc Junon	0
Mr. Klaus Hvassing	0
Mr. William Mlaki	49,927
Mr. George Fumbuka	0
Mr. Daniel Gauthier	0
Mr. Ola Schippert	0

MARUPURUPU YA WAKURUGENZI

Marupurupu kwa ajili ya huduma zilizotolewa na wakurugenzi wa Kampuni kwa mwaka wa 2007 yalikuwa kama ifuatavyo:

	Shilingi za Kitanzania (SHTZ)
Chairman	1,000,000 per annum
Each other director	600,000 per annum

Licha ya kupokea kiasi hicho, kila mkurugenzi alilipwa posho ya Dola za Kimarekani 1,200 kwa kila kikao cha Bodi. Katika kipindi cha mwaka husika marupurupu ya wakurugenzi yalikuwa kiasi cha SHTZ 25,919,680 (2006: SHTZ 40,496,800).

3. MAPITIO YA BIASHARA

Kampuni iliua kiasi cha tani 722,000 katika mwaka 2007 ikilinganishwa na tani 566,000 katika mwaka 2006. Uzalishaji wa klinka uliongezeka kwa takribani asilimia 4 au tani 14,000, hadi kufikia tani 395,000. Uzalishaji wa saruji, kama ilivyokuwa kwa mauzo ulifikia kiasi cha tani 722,000. Matokeo ya uendeshaji yamebainishwa katika ukurasa wa 44 wa taarifa hizi za fedha.

TATHMINI YA UWEZO WA KULIPA MADENI

Wakurugenzi wametathmini hali ya kifedha ya sasa ya Kampuni pamoja na madeni ya Kampuni ya muda mfupi na ya muda mrefu. Kutokana na tathmini hiyo pamoja na mpango wa sasa wa biashara, wakurugenzi wameridhika kuwa Kampuni ina uwezo mzuri kuhusiana na suala la ulipaji wa madeni kwa maana iliyofafanuliwa na Sheria ya Kampuni Na. 12 ya 2002 ya sheria za Tanzania na kanuni za uhasibu zinazokubalika kimataifa.

MATUKIO MUHIMU

Kutokana na ongezeko kubwa la mahitaji ya saruji Tanzania, kiwango cha mauzo na cha uzalishaji katika kampuni kilifikia rekodi ambayo haijawahi kufikiwa. Ili kuweza kutosheleza ongezeko kubwa la mahitaji Kampuni ilivunja rekodi ya uagizaji klinka kwa kuagiza kiasi cha shehena tano za klinka kufidia upungufu uliojitokeza katika kukidhi kiwango cha uzalishaji. Ongezeko kubwa la bei kwa vifaa vya saruji pamoja na usafirishaji lilisababisha shughuli hii ya uagizaji nje kuwa ghali mno.

Mapendekezo ya mradi wa upanuzi yaliidhinishwa mapema 2007. Mkataba wa ujenzi wa mtambo mpya wa uzalishaji ulitiwa saini na kampuni ya Kichina, CBMI mwezi Machi. Ujenzi ulianza baada ya muda mfupi, na sherehe za uzinduzi wa ujenzi zilifanyika kwenye eneo la ujenzi tarehe 28 Septemba. Awamu ya kwanza ya mradi inatarajiwa kuanza uzalishaji ifikapo mwezi Agosti 2008, ambapo awamu ya pili inatarajiwa kuanza mwezi Aprili 2009. Mradi huu wa upanuzi ni sehemu muhimu ya mkakati wa Kampuni wa kuendelea kuwa mzalishaji mkuu wa saruji katika Tanzania kwa kuhakikisha kwamba inatosheleza mahitaji ya ndani kwa kutumia malighafi zinazopatikana humu nchini.

Baada ya Kampuni kushinda kesi yake mwezi Oktoba 2006 dhidi ya wavamizi 933 wa eneo la kampuni, kesi ya rufaa ambayo ilichukua muda mrefu iliizuia Kampuni kuanza mipango yake katika eneo hilo mwaka 2007. Kuendelea kuweko kwa wavamizi wa ardhi ya Kampuni katika maeneo ya mashariki mwa machimbo kunahatarisha uzalishaji kiwandani kwa kuzuia upanuzi wa machimbo kuelekea katika maeneo yaliyokaliwa.

Bei ya hisa za kampuni zilizoandikishwa katika soko la hisa la Dar es Salaam ilifunga mwaka kwa kuwa na thamani ya SHTZ 1,140 kwa hisa moja, na kuifanya Kampuni kufikia thamani ya SHTZ bilioni 205. Mwelekeo wa bei ya hisa kwa mwaka 2007 ulikuwa mzuri sana; kwa ongezeko la asilimia 78 kutoka bei ya kufunga mwaka 2006 ambayo ilikuwa SHTZ 640 kwa hisa moja, na ilionyesha ongezeko la asilimia 162 ikilinganisha na bei ya soko la awali mnamo Septemba 29, 2006 (SHTZ 435 kwa hisa moja). Hisa za kampuni ziliongoza katika mauzo ya hisa kwenye soko la hisa la Dar es Salaam kwa mwaka mzima.

BIASHARA NA UPANDE SHIRIKA

Kampuni iliagiza malighafi, vipuri na matumizi mengine kwa msingi wa kibiashara huru kutoka kwa Scancem International ANS ambaye anamiliki asilimia 69.3 ya hisa za kampuni.

Maelezo ya kina kuhusu biashara na pande shirika yametolewa katika muhtasari 26 wa taarifa ya fedha.

USTAWI WA WAFANYAKAZI

Mahusiano ya menejimenti na wafanyakazi

Makubaliano ya hiari yaliyofikiwa baina ya Chama cha Wafanyakazi wa Viwandani Tanzania (TUICO) na menejimenti ya Kampuni yanasimamia mahusiano baina ya menejimenti na wafanyakazi. Muda wa kutumika kwa makubaliano ya sasa ulimalizika tarehe 31 Desemba 2005. Majadiliano kwa ajili ya makubaliano mapya hayakuweza kukamilika mwaka 2007.

Huduma za Afya

Kampuni hugharamia huduma zote za ushauri wa tiba pamoja na matibabu kwa wafanyakazi wote pamoja na wategemezi wao wanaokubalika kisheria.

Usalama kazini

Kampuni ina zana na vifaa vinavyokidhi masharti ya Sheria ya Usalama na Afya Kazini ya mwaka 2003 pamoja na sheria nyingine zinazohusiana na usalama kazini.

Mafunzo

Mafunzo ya kawaida ya Kampuni yaliendelea katika mwaka 2007. Hata hivyo mafunzo katika fani ya uhandisi wa usindikaji yaliahirishwa hadi utakapofungwa mtambao mpya wa uzalishaji ambao utatumia teknolojia mpya. Shughuli za mafunzo zitaendeshwa sambamba na shughuli za upanuzi wa mradi.

Mishahara

Viwango vya mishahara hurekebishwa kila mwaka kwa kuzingatia uwezo wa Kampuni baada ya majadiliano kati ya Chama cha wafanyakazi TUICO na menejimenti. Nyongeza ya mwaka 2007 ilikubaliwa mwezi Januari 2007. Katika mwaka husika, kima cha chini cha mishahara kwa wafanyakazi wote wa kudumu kilikuwa jumla ya SHTZ milioni 3 kwa mwaka.

Mafao ya wafanyakazi

Baadhi ya wafanyakazi ni wanachama wa Mfuko wa Pensheni wa Mashirika ya Umma (PPF) na wengine ni wanachama wa Mfuko wa Taifa wa Hifadhi ya Jamii (NSSF). Kampuni huchangia asilimia 15 ya mishahara ghafi wa wafanyakazi kwenye PPF na asilimia 10 ya mishahara ghafi wa wafanyakazi kwenye NSSF kwa wafanyakazi wote wakudumu. Mafao ya kustaaifu yanayotolewa chini ya mpango wa PPF huongezewa na mpango wa ziada wa kustaaifu unaochangiwa na kampuni. Mpango huu huchangiwa asilimia 10 ya mishahara wa wafanyakazi.

Walemavu

Sera ya Kampuni ni kutoa nafasi sawa za ajira bila kuwabagua walemavu kwa kazi zile wanazozimudu.

MASUALA YA MAZINGIRA

Ukarabati mkubwa wa matanuru mawili na ubadilishaji wa vifaa vingine wakati wa kipindi cha 2002 – 2006 umekuwa na manufaa makubwa katika kudhibiti vumbi linalotoka kiwandani. Machujio makubwa yalifungwa katika vinu vyote vitatu pamoja na mashine ya kupakilia katika mwaka 2005 na 2006. Wakati tunasubiri mtambo mpya wa uzaishaji wenye teknolojia mpya ya kuhifadhi mazingira katika mwaka 2007 mkazo uliwekwa katika kuboresha kiwanda katika masuala yanayohusiana na mazingira.

MIKUTANO YA BODI

Bodi ya Wakurugenzi ilifanya mikutano mitatu ya kawaida katika mwaka husika.

MICHANGO

Katika kipindi cha mwaka husika Kampuni ilitoa misaada pamoja na michango mingine ya hisani yenye thamani ya takribani SHTZ milioni 154. Hapakuwa na uhisani wa kisiasa.

GAWIO

Wakurugenzi wanapendekeza gawio la jumla ya SHTZ bilioni 7.74 kwa wanahisa kama gawio la kwanza na la mwisho kutoka kwenye limbikizo la faida. Katika kufikia uamuzi huu, wakurugenzi walitafakari mahitaji ya kifedha kwa ajili ya Mradi wa upanuzi ulioidhinishwa. Gawio lililopendekezwa ni nyongeza ya asilimia 54 ikilinganishwa na lile la mwaka jana na ni sawa na asilimia 25 ya mapato ya mwaka baada ya kodi.

WAKAGUZI WA HESABU

Ernst & Young walikuwa wakaguzi wa hesabu za Kampuni kwa mwaka wa 2007. Wameonyesha utashi wa kutaka kuendelea na bado wana sifa ya kuweza kuteuliwa tena. Pendekezo la uteuzi wa wakaguzi wa hesabu kwa mwaka 2008 litatolewa katika Mkutano Mkuu wa Mwaka.

Kwa amri ya Bodi

Jina: **Jean-Marc Junon** Cheo: **Chairman**


Saini



Jina: **William Mlaki**

Cheo: **Mkurugenzi**

Saini



Tarehe 24 April 2008

INDEPENDENT AUDITORS' REPORT

To the shareholders of:

TANZANIA PORTLAND CEMENT COMPANY LIMITED

We have audited the accompanying financial statements of Tanzania Portland Cement Company Limited as set out on page 9 to 39, which comprise the balance sheet as at 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT (Continued)

To the shareholders of

TANZANIA PORTLAND CEMENT COMPANY LIMITED

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

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

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

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



Ernst & Young

Certified Public Accountants

Dar es Salaam

Signed by: Joseph Sheffu (Partner)

24th April 2008

TANZANIA PORTLAND CEMENT COMPANY LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 TZS'000	2006 TZS'000
Revenue	7	119,764,889	80,203,239
Cost of sales	9	60,647,709	37,192,018
Gross profit		59,117,180	43,011,222
Other income	8	249,374	124,462
Selling and marketing costs	10	(1,093,907)	(913,722)
Administrative costs	11	(8,840,836)	(6,194,846)
Depreciation and amortisation	6, 15 & 16	(2,906,872)	(2,768,886)
Other expenses	12	(379,924)	(283,436)
Write-off and increase in provision for obsolete stock	17	(904,731)	(4,723,717)
Operating profit		45,240,284	28,251,077
Finance revenue		586,715	290,721
Financial costs	13	(355,843)	(345,275)
Foreign currency translation	14	(1,889,594)	(264,192)
Profit before tax		43,581,562	27,932,331
Tax	27	13,469,977	8,432,293
Profit for the year		30,111,586	19,500,037
Earnings per share	34		
Basic earning per share (TZS)		167.36	108.38
Diluted earning per share (TZS)		167.36	108.38

The Notes on pages 49 to 75 form part of these financial statements
Independent auditors' report on page 42 and 43

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 TZS'000	2006 TZS'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	59,947,439	29,172,977
Intangible asset	15	43,972	28,408
Leasehold land	16	209,534	215,062
		60,200,945	29,416,448
Current assets			
Inventories	17	18,112,545	13,177,260
Trade receivables	18	2,422,990	2,510,930
Other short-term operating receivables	19	1,577,586	14,630,972
Tax recoverable	27	-	953,369
Cash and bank balances	20	20,652,680	8,149,852
		42,765,801	39,422,383
TOTAL ASSETS		102,966,746	68,838,831
EQUITY AND LIABILITIES			
Equity			
Share capital	21	3,598,462	3,598,462
Retained earnings		75,291,771	50,218,031
		78,890,233	53,816,493
Non-current liabilities			
Long-term financial liabilities	23	579,184	629,548
Gratuity provision	24	465,000	481,985
Deferred tax	27	6,190,325	7,180,050
		7,234,509	8,291,583
Current liabilities			
Trade and other payables	22	15,952,113	6,645,290
Long-term financial liabilities (current portion)	23	83,366	85,464
Tax payable	27	806,525	-
		16,842,004	6,730,754
TOTAL EQUITY AND LIABILITIES		102,966,746	68,838,831

TANZANIA PORTLAND CEMENT COMPANY LIMITED

These financial statements were approved by the Board of Directors for issue on 24th April 2008 and signed on its' behalf by:

Name: **Jean-Marc Junon** Title: **Chairman**

Signature:



Name: **William Mlaki** Title: **Director**

Signature:



The notes on page 49 to 75 form part of these financial statements
Independent auditors' report on page 42 & 43

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Issued Share Capital (Note 21) TZS'000	Retained earnings TZS'000	Total
At 01 January 2007	3,598,462	50,218,031	53,816,493
Dividends paid	-	(5,037,846)	(5,037,846)
Profit for the year	-	30,111,586	30,111,586
At 31 December 2007	3,598,462	75,291,771	78,890,233
At 01 January 2006	3,598,462	33,842,681	37,441,143
Dividends paid	-	(3,124,688)	(3,124,688)
Profit for the year	-	19,500,038	19,500,038
At 31 December 2006	3,598,462	50,218,031	53,816,493

The notes on page 49 to 75 form part of these financial statements
Independent auditors' report on page 42 & 43

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 TZS'000	2006 TZS'000
Operating activities			
Profit before tax		43,581,562	27,932,331
<i>Adjustment to reconcile profit before tax to net cash flow:</i>			
Depreciation and amortisation	6	2,906,872	2,768,886
Interest expenses	13	355,843	345,275
Reversal of Provisions		(23,991)	-
Increase in provision for impairment of receivables		74,638	50,268
Provision for obsolete stock		446,646	-
Profit on disposal of plant and equipment		(28,452)	(9,328)
Operating profit before changes in working capital items		47,313,118	31,087,432
<i>Working capital adjustments:</i>			
Increase in inventories		(5,381,931)	(2,076,270)
Decrease/(increase) in trade receivables		13,302	(534,168)
Decrease/(increase) in other short-term operating receivables		13,053,386	(12,994,901)
(Increase)/decrease in other long-term operating receivables		(2,098)	34,901
(Decrease)/increase in gratuities provision		(16,985)	73,491
Increase in trade and other payables		9,330,814	868,575
Cash generated from operations		64,309,606	16,459,060
Corporation tax paid		(12,699,808)	(9,845,312)
Interest paid		(355,843)	(341,287)
Net cash flow from operating activities		51,253,955	6,272,460
Investing activities			
Proceeds from disposal of plant and equipment		65,672	223,099
Capital works-in-progress and rehabilitation expenses		(30,898,413)	(13,625,712)
Purchase of intangibles		(43,397)	(15,461)
Purchase of plant and equipment		(2,786,778)	8,231,295
Net cash flows used in investing activities		(33,662,916)	(5,186,779)
Financing activities			
Dividends paid		(5,037,846)	(3,124,688)
Long-term loan repaid		(50,364)	(50,364)
Net cash flows used in financing activities		(5,088,210)	(3,175,052)
Net increase in cash and cash equivalents		12,502,828	(2,089,370)
Cash and cash equivalents at 01 January		8,149,852	10,239,222
Cash and cash equivalent at 31 January		20,652,680	8,149,852

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1 BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for financial instruments and available-for-sale investments that have been measured at fair value.

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

Statement of compliance

The financial statements of Tanzania Portland Cement Company Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs) and complies with the Companies Act No. 12 of 2002.

2 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 metres. The overburden materials vary in thickness, but seldom exceed 0.5 metres. The removed overburden is later used as natural backfill material. Limestone is mined from the quarry in a way that leaves the "used" area as a one-level horizontal plateau. From management's point of view there shouldn't be any need for provision to cover future costs for restoration of the quarry area due to the mentioned facts regarding both the continuous ongoing backfilling and the way the area is left after extraction. The Company is in the process of preparing a quarry restoration plan.

Estimates and assumptions

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

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 amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Pension 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. The net employee liability at 31 December 2007 is TZS 465 million (2006: TZS 482 million). Further details are given in Note 24.

3 CHANGES IN ACCOUNTING POLICIES

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

The Company has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Company. They did however give rise to additional disclosures, including in some cases, revisions to accounting policies.

- IFRS 7 *Financial Instruments: Disclosures*
- IAS 1 *Amendment - Presentation of Financial Statements*
- IFRIC 8 *Scope of IFRS 2*
- IFRIC 9 *Reassessment of Embedded Derivatives*
- IFRIC 10 *Interim Financial Reporting and Impairment*

The Company has also early adopted the following IFRS and IFRIC interpretations. Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company. They did however give rise to additional disclosures, including revisions to accounting policies.

- IFRS 8 *Operating Segments*
- IFRIC 11 *IFRS 2 - Group and Treasury Share Transactions*

The principal effects of these changes are as follows:

IFRS 7 *Financial Instruments: Disclosures*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

IAS 1 *Presentation of Financial Statements*

This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. These new disclosures are shown in Note 35.

IFRIC 8 *Scope of IFRS 2*

This interpretation requires IFRS 2 to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. As equity instruments are only issued to employees in accordance with the employee share scheme, the interpretation had no impact on the financial position or performance of the Company.

IFRIC 9 *Reassessment of Embedded Derivatives*

IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Company has no embedded derivative requiring separation from the host contract, the interpretation had no impact on the financial position or performance of the Company.

IFRIC 10 *Interim Financial Reporting and Impairment*

The Company adopted IFRIC Interpretation 10 as of 1 January 2007, which requires that an entity must not reverse an impairment loss recognised in the interim period in respect of goodwill or an investment in either an equity instrument classified as available for sale or a financial asset carried at cost. As the Company had no impairment losses previously reversed, the interpretation had no impact on the financial position or performance of the Company.

IFRS 8 *Operating Segments*

This standard requires disclosure of information about the Company's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the Company. As the Company is reported as one single operating segment the new standard had no impact on the financial presentation.

IFRIC 11 IFRS 2 - Group and Treasury Share Transactions

The Company has elected to adopt IFRIC Interpretation 11 as of 1 January 2007. This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. As the Company has no group and treasury share transactions at the end of the period, the interpretation had no impact on the financial position or performance of the Company.

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. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

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

Rental income

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria.

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

Description	Rate (%)
Buildings and roads	4.0
Factory plant and machinery	7.0
Quarry plant and machinery	25.0
Furniture, equipment and fixture	12.5
Motor vehicles	25.0
Computer hardware	33.3

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The residual values, useful lives and methods of depreciating property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. When each major inspection is performed, its cost is recognised in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied.

Dividend distribution

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

Cash and cash equivalents

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

Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation which has been consistently applied is 14% – 50%.

The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the income statement. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the

asset in prior years. Such reversal is recognised in the income statement. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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

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

Financial assets at fair value through profit or loss

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

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

Held-to-maturity investments

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial investments

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

Fair value

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

Amortised cost

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

Impairment of financial assets

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

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (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 recognized in profit or loss.

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

Available-for-sale financial investments

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

Derecognition of financial assets and liabilities

Financial assets

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

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

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

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on

substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Interest bearing loans and borrowings

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

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

Inventories

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

Raw materials – purchase cost on first in first out basis;

Finished goods and work in progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity but excluding borrowing costs.

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

Provisions

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

Operating lease

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

Pre production cost

Costs relating to exploration, evaluation and development of economically recoverable reserves are capitalized and amortized at the rate of 2% per annum.

Pensions and Other post - employment benefits

The Company operates a defined contribution plan and a defined benefit plan.

Pension obligations

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

Post-employment obligations

Under a defined benefit plan, the Company provides certain post-retirement benefits to its retirees. The expected costs of these benefits are accrued over the period of employment and the present value of the obligation is determined by using the weighted-average cost of capital rate applicable at each reporting date.

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

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

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

Bonus plans

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

Termination benefits

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

TAXES

Current tax

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

Deferred tax

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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 balance sheet.

5 FUTURE CHANGES IN ACCOUNTING POLICIES

Standards issued but not yet effective

IAS 23 Borrowing Costs

A revised IAS 23 Borrowing costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

IFRIC 12 Service Concession Arrangements

IFRIC Interpretation 12 was issued in November 2006 and becomes effective for annual periods beginning on or after 1 January 2008. This Interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the Company is an operator and hence this Interpretation will have no impact on the Company.

IFRIC 13 Customer Loyalty Programmes

IFRIC Interpretation 13 was issued in June 2007 and becomes effective for annual periods beginning on or after 1 July 2008. This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Company expects that this interpretation will have no impact on the Company's financial statements as no such schemes currently exist.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC Interpretation 14 was issued in July 2007 and becomes effective for annual periods beginning on or after 1 January 2008. This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 Employee Benefits. The Company expects that this Interpretation will have no impact on the financial position or performance of the Company as all defined benefit schemes are currently in deficit.

Amendments to IAS 32 and IAS 1 Puttable Financial Instruments

Amendments to IAS 32 and IAS 1 were issued in February 2008 and becomes effective for annual periods beginning on or after 1 January 2009. The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Company does not expect these amendments to impact the financial statements of the Company.

IFRS 2 Share-based Payments – Vesting Conditions and Cancellations

This amendment to IFRS 2 Share-based payments was published in January 2008 and becomes effective for financial years beginning on or after 1 January 2009. The Standard restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Company has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, does not expect significant implications on its accounting for share-based payments.

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3R and IAS 27R must be applied prospectively and will affect future acquisitions and transactions with minority interests.

IAS 1 Revised Presentation of Financial Statements

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

6. PROPERTY, PLANT AND EQUIPMENT

	Building	Production machinery & equipment	Other equipment	Capital items in stock	Capital work in progress	Total
Cost	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
At 01 January 2006	1,101,568	29,632,987	3,782,314	612,358	1,440,868	36,570,095
Additions	48,752	1,519,076	587,713	-	3,238,876	5,394,417
Disposals	-	-	-	(191,757)	(22,014)	(213,771)
At 31 December 2006	1,150,320	31,152,063	4,370,027	420,601	4,657,730	41,750,741
At 01 January 2007	1,150,320	31,152,063	4,370,027	420,601	4,657,730	41,750,741
Additions	195,076	1,551,965	1,650,700	179,481	30,898,413	34,475,634
Disposals	-	(15,008)	(268,752)	(90,489)	(699,952)	(1,074,201)
At 31 December 2007	1,345,396	32,689,019	5,751,976	509,593	34,856,191	75,152,175
Accumulated depreciation						
At 01 January 2006	320,899	6,751,106	2,794,474	-	-	9,866,479
Charge during the year	45,526	2,131,774	533,984	-	-	2,711,284
At 31 December 2006	366,426	8,882,880	3,328,458	-	-	12,577,764
At 01 January 2007	366,426	8,882,880	3,328,458	-	-	12,577,764
Charge during the year	48,514	2,268,269	556,729	-	-	2,873,511
Disposals	-	(15,008)	(231,531)	-	-	(246,540)
At 31 December 2007	414,941	11,136,140	3,653,655	-	-	15,204,736
Net book value						
At 31 December 2007	930,455	21,552,879	2,098,320	509,593	34,856,191	59,947,439
At 31 December 2006	783,894	22,269,183	1,041,569	420,601	4,657,730	29,172,977

TANZANIA PORTLAND CEMENT COMPANY LIMITED

	2007 TZS'000	2006 TZS'000
7 REVENUE		
Twiga extra	109,353,630	73,086,655
Twiga ordinary	11,807,249	8,711,026
Freight income	317,316	932,320
	121,478,195	82,730,001
Less: Freight outbound	(1,713,306)	(2,526,762)
	119,764,889	80,203,239
8 OTHER INCOME		
Gain on disposal of property, plant and equipment	28,452	9,328
Rental income	55,428	15,642
Reversal of provisions	23,991	-
Other income	141,503	99,492
	249,374	124,462
9 COST OF SALES		
Distribution costs	731,026	405,161
Variable costs	49,931,320	27,982,085
Fixed production cost	9,985,363	8,804,772
	60,647,709	37,192,018
Fixed production costs includes:		
Staff costs	3,603,446	2,878,016
10 SELLING AND MARKETING COSTS		
Staff costs	212,158	141,729
Marketing, advertising and sales costs	716,388	646,719
Increase in provision for impairment of receivables	74,638	50,268
Other expenses	90,723	75,006
	1,093,907	913,722
11 ADMINISTRATIVE EXPENSES		
Staff costs	1,688,758	1,443,000
Other administrative expenses	7,152,078	4,751,846
	8,840,836	6,194,846

TANZANIA PORTLAND CEMENT COMPANY LIMITED

	2007 TZS'000	2006 TZS'000
12 OTHER EXPENSES		
Local government levies and taxes	363,106	263,594
Property taxes	16,818	19,842
	379,924	283,436
13 FINANCE COSTS		
Interest on long term borrowing	64,810	69,670
Interest on short-term borrowing	67,823	16,697
Other interest expenses	19,698	-
Bank charges	203,512	258,908
	355,843	345,275
14 FOREIGN CURRENCY TRANSLATION		
Exchange gain - realised	4,795,407	1,459,978
Exchange gain - unrealised	234,548	45,576
Exchange loss - realised	(6,323,010)	(1,474,440)
Exchange loss - unrealised	(596,539)	(295,306)
	(1,889,594)	(264,192)
15 INTANGIBLE ASSET		
This consist of computer software, whose movement is as follows:		
<u>Cost</u>		
At the beginning of the year	186,507	175,071
Additions	43,397	11,437
At the end of the year	229,904	186,507
<u>Accumulated amortisation</u>		
At the beginning of the year	158,099	106,025
Charge during the year	27,833	52,074
At the end of the year	185,932	158,099
<u>Net carrying amount</u>	43,972	28,408
At the end of the year		

The amortisation period left is 1.5 years

16 LEASEHOLD LAND	2007	2006
	TZS'000	TZS'000
At the beginning of the year	215,062	216,566
Additions	-	4,024
	215,062	220,590
Less: Amortisation for the year	(5,528)	(5,528)
At the end of the year	209,534	215,062

The remaining lease period for leasehold land is 39 years.

17 INVENTORIES

Raw materials, additives, consumables and spare-parts	15,869,438	11,107,260
Work - in - progress	2,085,318	1,673,500
Finished goods and goods for resale		
- Twiga Extra Cement	662,448	419,871
- Twiga Ordinary Cement	140,279	174,921
Less: Provision for obsolete stock	(644,938)	(198,292)
	18,112,545	13,177,260
<u>Movement in provision</u>		
At 01 January	198,292	198,292
Addition	446,646	-
At 31 December	644,938	198,292
Write off of inventory	458,085	4,723,717

TANZANIA PORTLAND CEMENT COMPANY LIMITED

	2007 TZS'000	2006 TZS'000
18 TRADE RECEIVABLES		
Trade Receivables	2,857,953	2,923,143
Provision for impairment on receivables b/f	(412,213)	(430,435)
Provision for impairment on receivables written - off	51,888	29,859
Provision for impairment on receivables recovered	-	36,918
Provision for impairment on receivables during the year	(74,638)	(48,555)
Provision for impairment on receivables c/f	(434,963)	(412,213)
	2,422,990	2,510,930
==>Neither past due nor impaired	1,859,565	1,980,690
==>Past due but not impaired		
<i>Not impaired & overdue 1 - 60 days</i>	550,696	184,582
<i>Not impaired & overdue 61 -360 days</i>	3,319	235,852
<i>Not impaired & overdue greater than 3 60 days</i>	9,410	109,806
	2,422,990	2,510,930
19 OTHER SHORT-TERM OPERATING RECEIVABLES		
Advances to suppliers	1,153,632	14,454,651
Prepaid expenses	186,999	56,408
Staff loans and advances	132,180	39,876
Other receivables	325,932	301,194
Less:		
Provision for impairment on short-term operating receivables	(221,157)	(221,157)
	1,577,586	14,630,972
20 CASH AND CASH EQUIVALENTS		
Cash at bank - local currency	1,890,255	7,489,847
Cash at bank - foreign currency	18,762,425	660,005
	20,652,680	8,149,852

TANZANIA PORTLAND CEMENT COMPANY LIMITED

	2007 TZS'000	2006 TZS'000
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21 SHARE CAPITAL

AUTHORISED

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

Shareholder:	Number of shares	
Scancem International ANS	124,598,500	124,598,500
General Public	53,835,094	52,622,462
Wazo Hill Savings and Credit Cooperative Society	1,489,506	2,702,138
	179,923,100	179,923,100

22 TRADE AND OTHER PAYABLES

Trade payables - third parties	2,144,620	1,295,711
Trade payables - intercompany	9,457,320	2,591,304
Short-term operating payables	3,609,174	2,371,087
Payables for payroll and related costs	740,999	387,188
	15,952,113	6,645,290

23 LONG-TERM FINANCIAL LIABILITIES

10% Long-term treasury loan	629,548	679,912
Current portion	(50,364)	(50,364)
Long-term portion	579,184	629,548
Interest payable	33,002	35,100
Total current portion	83,366	85,464

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

24 EMPLOYEE BENEFITS

The Company contributes to a pension scheme administered by the Parastatal Pension Fund and a scheme administered by National Social Security Fund. In addition to that, the Company has an endowment scheme administered by the National Insurance Corporation (NIC) of Tanzania and 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 cement based on the length of service. In addition, the voluntary agreement provides for long-service awards paid in cement throughout the employment (every 5 years). The cost of the endowment scheme, end-of-service benefits and long-service awards are fully met by the Company.

The company contributions during the year are as follows:

	2007 TZS'000	2006 TZS'000
Endowment Scheme	238,520	189,927
Parastatal Pension Fund (PPF)	265,404	217,438
National Social Security Fund (NSSF)	72,857	61,614
	576,781	468,979

The liability for post-employment benefits at 31 December 2007 was:

Opening balance	481,985	408,495
- reclassification to other long-term benefits	(329,816)	-
- current service costs	7,279	73,490
- interest cost	18,260	49,019
Closing balance (end-of-service benefits)	177,708	481,985
Other long-term benefits		
- reclassification from post-employment benefits	329,816	-
- change in provision for other long-term benefits	(42,524)	-
	287,292	-

At year-end the following amounts were payable to PPF, NSSF and NIC. They relate to the December contributions and have subsequently been paid.

Endowment Scheme	90,642	39,453
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TANZANIA PORTLAND CEMENT COMPANY LIMITED

	2007 TZS'000	2006 TZS'000
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25 OTHER STATUTORY PAYROLL REMITTANCES

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

Skills and Development Levy	290,052	242,617
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The amount deducted from the employees' salaries and wages in the year in respect of Pay As You Earn is:

Pay As You Earn	1,370,025	603,248
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At the following amounts, which relate to the December remittance, were payable to relevant authorities. these remittance have subsequently been paid

Skills and Development Levy	38,132	13,315
Pay As You Earn	162,416	42,278

26 RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions with Scancem International ANS of Oslo, Norway which owns an equity stake of 69.25% in the Company. The Company imports raw materials, machinery, spare parts and services from/through the holding company on an arms-length basis. The Company's purchases during the year 2007 were as follows:

a) Related party transactions

Goods:	Raw materials	22,944,563	8,385,491
	Spare parts	35,165,269	25,430,767
Services:	Management fees and services	1,554,584	2,732,714
	Total amount traded	59,664,416	36,548,972

b) Related party balances

Trade payables	- Scancem International ANS	9,375,376	2,716,508
	- Scancem Research AB	7,093	7,294
	- Ghacem Limited, Ghana	-	2,540
	- HeidelbergCement AG	74,851	-
		9,457,320	2,726,342
Other Receivables	-Scancem International ANS	73,117	54,244

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

Salaries, allowances and benefits	2,283,071	1,838,132
Directors' remuneration	25,373	40,497
	2,308,444	1,878,629

TANZANIA PORTLAND CEMENT COMPANY LIMITED

	2007 TZS'000	2006 TZS'000
27 TAXATION		
i) Tax expense		
Current year tax	14,159,269	8,430,026
Prior year taxes	300,433	-
	14,459,702	8,430,026
Deferred tax charge	(989,725)	2,267
	13,469,977	8,432,293
ii) Reconciliation of tax expense to tax based on accounting profit:		
Accounting profit before taxation	43,581,562	27,932,331
Tax applicable rate of 30%	13,074,469	8,379,699
Additional tax assessed for previous years	300,433	-
<i>Tax effect on non taxable/non deductible items</i>		
Disallowable expenses	95,075	52,594
Tax expense	13,469,977	8,432,293
iii) Deferred Taxation		
Accelerated depreciation for tax purposes	21,099,415	23,933,500
Provision for employee benefits	(465,000)	-
	20,634,415	23,933,500
Deferred tax liability thereon at 30%	6,190,325	7,180,050
Less: Opening deferred tax liability	(7,180,050)	(7,177,783)
(Reverse adjustment)/Deferred tax expense	(989,725)	2,267
iv) Tax (recoverable)/payable		
Tax payable brought forward	(953,369)	461,917
Tax charge for the year	14,159,269	8,430,026
Prior year taxes	300,433	-
Tax payments during the year	(12,699,808)	(9,845,312)
Tax (recoverable)/payable	806,525	(953,369)

28 EMPLOYEES

The number of employees at the end of the year was 312 (2006: 303).

29 COMPARATIVE FIGURES

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

30 INCORPORATION

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

31 HOLDING COMPANY

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

32 DIVIDEND PER SHARE

During the period, dividends relating to the profits for the year ended 31 December 2006 of TZS 28 per share (totaling TZS 5.04 billion) were declared and paid.

33 COMMITMENTS AND CONTINGENCIES**Capital commitment**

In connection with the on-going expansion project, TPCC has entered into contracts for construction and equipment for the new production line. Invoiced amounts from these suppliers have been booked as capital work in progress. Outstanding commitments under these contracts 31 December 2007 were valued at 52.8 MUS\$ or 59.8 billion TZS.

Legal claims

Contingent liabilities relates to several court cases on land trespassing, alleged unfair termination of employment contracts and breach of business contracts all amounting to TZS 2,161,812,000.

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

Tax assessment

The Company received an adjusted tax assessment for 2004 amounting to TZS 122.4 million. The Company has filed an objection against this assessment. The tax authorities are also undertaking a tax audit of the years 2005 and 2006. The audit is not yet concluded. The tax assessment for 2004 and potential effects of the ongoing audit of 2005 and 2006 are not reflected in the financial statements for 2007.

34 EARNINGS PER SHARE

- 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 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise treasury loans and trade payables. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. The main risks arising from the company's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks which are summarised below.

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. Foreign currency risk

Foreign currency risk is managed at an operational level and monitored by the Finance Division. Exposure to losses from foreign liabilities is managed through prompt payment of outstanding liabilities and forward purchase of foreign currencies. The following table demonstrates the sensitivity to possible changes in the exchange rate between the Tanzanian Shilling and foreign currencies (mainly US dollar), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/decrease in the value of TZS vs. other currencies	Effect on profit before tax TZS'000
Net effect based on balance sheet	+10%	-997,738
31 December 2007	-10%	+997,738

c. Interest rate risk

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

d. Liquidity risk

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

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

Capital management

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

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

No changes were made in the objectives, policies or processes during the years end 31December 2007 and 31 December 2006.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 15% and 35%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

Capital includes equity attributable to the equity holders of the parent less the net unrealised gains reserve

TANZANIA PORTLAND CEMENT COMPANY LIMITED

ELECTRONIC FUND TRANSFER SERVICE. TANZANIA PORTLAND CEMENT COMPANY LIMITED

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

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

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

DIVIDEND MANDATE FORM

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

A	Name of Company in which shares are held	Tanzania Portland Cement Company Limited (Twiga)	
B	CDS A/C NO	.....	As indicated on your original depository receipt
C	Full name and Address Of the First named member	Name..... Address.....	As indicated on your CDS receipt
	Contact Number	.....	*If any
	* Email Address	.....	* If any
D	Signatures	Signature (1) Signature (3)	Signature (2) Signature (4)
	This mandate must be signed by ALL registered members, executors and administrators		
	Please pay all future Dividend payments for the above company directly to the following Bank Account		
E	Name of Bank	.....	The address of the Branch that your
F	Address Of Bank	.....	account is

Notes

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

Branch Sort Code
Branch Location
Account Number

G Stamp of Bank/Building Society

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

HUDUMA YA KUPITISHA GAWIO KWENYE AKAUNTI YA BENKI TANZANIA PORTLAND CEMENT COMPANY LIMITED

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

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

FOMU YA IDHINISHO LA GAWIO.

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

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

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

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

Kumbuka

- Malipo kwa mujibu wa maagizo haya yanaondolea CAD Securities Ltd na Kampuni ya Saruji (Twiga) uwajibikaji zaidi.
- CAD Securities Ltd na Kampuni ya Saruji (Twiga) wanayo hak ya kuhitaji sahihi nyingine kwa udhibitisho

Namba ya Tawi
Tawi mahali lilipo
Namba ya Akaunti

G Muhuri wa Benki

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

TANZANIA PORTLAND CEMENT COMPANY LIMITED



HEIDELBERGCEMENT Group

Proxy Form

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

I/We

_____ of (Address) _____ a shareholder/shareholders of the above-named Company, hereby appoint note 1

_____ of (Address) _____

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

Kibo Room Kempinski Hotel,
Dar es Salaam
On 21st May 2008
At 14:30 Hrs

and at any adjournment thereof.

Signature _____ note 1&2 Dated: _____

Notes

1. *If the appointor is a corporation, this proxy form must be executed under its seal or under the hand of an officer or attorney so authorised to sign the same in that behalf.*
2. *In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.*
3. *To be valid, the form of proxy, must be lodged at the offices of the Company's Register, namely Cad securities Ltd not less than 24 hours before the time appointed for meeting or adjourned meeting and must be accompanied by any power of attorney or other authority under which it is signed or by an officially certified copy of such power or authority. Completion and return of a form of proxy will not preclude a member from attending and voting in person if he so wishes*

Form to be returned to:

CAD Securities Limited
3rd Floor
Mwalimu Nyerere Pension Tower
Bibi Titi/ Morogoro Road
P. O. Box 11488
Dar-es-salaam
Tel: 2123030
Fax: 2127622
Email: info@cadsecurities.com

TANZANIA PORTLAND CEMENT COMPANY LIMITED



HEIDELBERGCEMENT Group

Fomu ya Mwakilishi

Kwa matumizi kwenye Mkutana Mkuu wa mwaka wa
Tanzania Portland Cement Company Ltd

Mimi/ Sisi _____

wa S. L. P. _____

nikiwa mwanachama/wanachama wa Kampuni ya Tanzania Portland Cement Company Limited

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;

Klbo Room Kempinski Hotel,
Dar es Salaam
Tarehe 21. 05. 2008
Saa 8:30 Mchana

Kama shahidi saina 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 saina nyaraka kwa niaba ya kampuni.
2. Ikiwa hisa zinamilikiwa na zaidi ya mtu mmoja, sahihi ya mwanahisa mmoja inakubalika endapo majina ya wamiliki wote wa hisa yameorodheshwa kwenye fomu ya uwakilishi.
3. Ili ikubalike, fomu ya uwakilishi inapaswa iwe imejazwa na kufikishwa kwa wakala wetu CAD Securities Limited si chini ya masaa 24 kabla ya muda uliopagwa kwa ajili ya mkutano au kuahirishwa kwa mkutano, na lazima isainiwe na mwanasheria au mamlaka yeyote husika. Kujazwa na kurudishwa kwa fomu hakumzui mwanachama kuhudhuria na kuchagua kama anataka kufanya hivyo.

Fomu irudishwe:

CAD Securities Limited
3rd Floor
Mwalimu Nyerere Pension Tower
Barabara ya Bibi Titi/ Morogoro
P. O. Box 11488
Dar-es-salaam
Tel: 2123030
Fax: 2127622

Tahadhari:

Maelezo yote yaliyotolewa kwa lugha ya Kiswahili katika taarifa hii, ni tafsiri isiyo rasmi ya maelezo hayo yaliyoandikwa kwa lugha ya kiingereza.

Kama ukitokea mgongano wowote kati ya maelezo ya Kiswahili na yale ya kiingereza, basi maelezo ya kiingereza ndiyo yatakayotumika na kutambuliwa kisheria.



Nguvu zaidi kwa **ulinzi** zaidi

**Unapokabiliwa na majanga
ya asili, amini ulinzi imara
wa Twiga Cement.
Twiga Cement, chaguo la
kwanza kwa ulinzi madhubuti.**



HEIDELBERGCEMENTGroup

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PO Box 1950, Dar es Salaam, Tanzania
Tel: +255 22 2630130 Fax: +255 22 2630139
info@twigacement.com, www.twigacement.com



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