TANZANIA PORTLAND CEMENT PUBLIC LIMITED COMPANY

ANNUAL REPORT
AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CONTENTS

REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report and the audited financial statements for the financial year ended 31 December 2024 which disclose the state of affairs of Tanzania Portland Cement Public Limited Company ("the Company" or "TPCPLC") and its subsidiary Mamba cement company Limited (together "the Group").

1. INCORPORATION

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

2. COMPANY'S VISION

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

3. COMPANY'S MISSION

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

4. COMPANY OPERATIONS

Principal Activities

The Company's principal activity during the year was manufacturing cement at its plant at Tegeta-Wazo Hill, Dar Es Salaam, Tanzania and selling cement both inside and outside Tanzania.

Mamba Cement Company Limited, the subsidiary, is primarily engaged in the extraction of limestone.

5. ECONOMIC AND MARKET ENVIRONMENT

Economic Environment

Over the course of 2024, the global economy continued to develop moderately, with growth forecast of 3.2%, in a phase of moderate momentum and increased economic policy uncertainty. Energy and raw material prices remained at a high level. Further geopolitical tensions, such as the conflict in the Middle East, have put additional strain on the global economy.

Tanzania saw annual average inflation for 2024 improved to 3.1% compared to the previous year's average of 3.8% explained by a rebound in the tourism sector, gradual improvement in supply chains and reforms to support economic activities, as well as the annual GDP growth for the quarter ending September 2024 has improved to 5.9% compared to 5.3% for the quarter ending Dec 2023.

Market Environment

Tanzania remains a complex market and 2024 was characterized by multiple challenges. The competitive landscape with thirteen cement plants operating in Tanzania with less than 60% capacity utilization for the producers.

A year divide into two, with a first half of the year that saw a further shrinkage of the cement consumption due a lower consumption on the infrastructural projects and as well the climate impact of El Nino. The second half of the year on the other hand noticed a reactivation of the market majorly driven by the private sector and consumers spend. These factors have led in the end to a minor growth in the cement consumption in 2024 compared to 2023.

2025 is expected to remain a year with a number of uncertainties; large over-capacity will remain in a year of elections and no clear visibility on the reactivation of the structural projects.

Operational Environment

Within the operational sphere, TPCPLC faces high production costs mainly in energy costs which constitute a significant portion of production expenses, the escalating prices for raw materials further strain profitability. The regulatory operation framework is continuing to evolve with more topics in the pipeline, we continue to work closely with various authorities to ensure full compliance and resolutions.

6. BUSINESS MODEL

As a major cement producer in the country, TPCPLC has a strong sales record. Our products cater to the increasing demands for housing, transportation, and economic development in Tanzania and East Africa by supporting the construction of residential, commercial, and industrial facilities. We are also committed to achieving carbon neutrality in cement manufacturing and are working towards sustainable and intelligent cement technologies while offering digital solutions to our customers.

Our business model covers the entire value chain from the extraction of raw materials to the processing of cement and distribution to customers. Our operations are supported by Central Competency Centers for Technology, which are owned by our main shareholder. We carry out geological exploration of raw material reserves, assess environmental impact, extract raw materials, rehabilitate extracted areas, and produce cement as part of our operational processes.

Products

Cement is our core product. We classify our high-quality cement based on its early and final strength and composition. Our clients for our top-notch cement range from regular constructions and government infrastructure projects to producers of ready-mix concrete, and the general public through our distributorship network. Our cement products are packaged in bags, big bags, and bulk.

In simple terms, below is the list of our top-notch products;

a. Twiga Ordinary (CEM I 42.5 N). Suitable for high-quality concrete, and overall building of large buildings, dams, and bridges.
b. Twiga Plus+ (CEM II B-M 42.5 N). Suitable for building blocks, large and medium-sized buildings, dams and bridges, etc.
c. Twiga Extra (CEM II B-L 32.5 R). Suitable for the overall building of houses and block making etc.
d. Twiga Super (CEM II B-L 32.5 N). Suitable for the improvement of soil binding strength, most especially road constructions, etc.
e. Twiga Jenga (MC 22.5 X). Suitable for installation of tiles, minor house improvements, building blocks, etc.
f. Twiga Mega (CEM III/B-SR 42.5N). Low-heat cement suitable for mass concrete applications

The significance of integrating sustainability into the business model

We aim to make a significant impact in reducing the environmental impact of our business operations and decreasing our carbon footprint. As one of the leading cement manufacturers in the country, we acknowledge our responsibility to lead the way in driving sustainable practices across the industry. Our goal is to contribute significantly towards sustainable cement production and achieving carbon neutrality through prioritizing social and environmental responsibility as well.

Climate protection is an essential element of our business strategy to achieve our objective. We understand that cement production generates a significant amount of Carbon Dioxide (CO_2) due to the chemical processes required for clinker burning, which is why we are increasing our use of alternative raw materials and fuels to reduce CO_2 emissions.

We are also working to optimize our production processes to increase energy efficiency while promoting circularity and a strong circular economy to reduce the consumption of primary raw materials. At the product level, we prioritize low-carbon cement compositions, the use of recycled materials, and the adoption of new technologies to support our goal of achieving carbon neutrality.

External factors of influence

Apart from weather conditions and economic and population growth, the operational and economic development of TPCPLC is primarily impacted by fluctuations in energy and raw material prices in both local and global markets, changes in the regulatory environment, and competition within the markets where we operate.

Digitalisation

Digitalisation – including digital products and applications plays a crucial role throughout our entire value chain, from raw materials mining, production, and logistics to the final interaction with our customers. TPCPLC has set itself the target of becoming the leading tech company in the cement industry. We aim to use digital solutions to contribute to Company growth and increase efficiency in production and administration.

REPORT BY THOSE CHARGED WITH GOVERNANCE *CONTINUED*

FOR THE YEAR ENDED 31 DECEMBER 2024

6. BUSINESS MODEL *Continued*

Corporate Portfolio

Our customer portfolio is diversified and we consider it to be a strength. We keep prioritizing and strengthening our market positions based on defined financial and non-financial criteria. We also plan to expand our presence in markets with growth potential. Furthermore, we will continue to invest in sustainability and digitalization, which we see as transformative areas, and develop our portfolio in these areas.

Value creation for our shareholders

To achieve sustainable value and measure our business success, we have established key performance indicators that are relevant for management. These include the result of the current operation (RCO), return on invested capital (ROIC), and net CO_2 emissions. In addition, we also use revenue development, the result of the current operation before depreciation (RCOBD) margin, and leverage ratio as supporting information.

To evaluate and achieve our strategic goals, we have implemented a value-oriented management system. This system involves annual operational planning, management and control throughout the year, monthly management meetings, and regular departmental meetings.

We employ a comprehensive system of standardized reports to manage and control the company throughout the year. These reports cover TPCPLC's assets, cash position, and earnings position, with the indicators used being uniform throughout the company. Weekly reports on cash inflow and outflow are prepared, and monthly reports cover operating profit, production, and maintenance.

Detailed financial reports are provided at the end of each month and quarter. During quarterly management meetings, TPCPLC's key management personnel and main shareholder's regional managers discuss business developments, including target achievement, the outlook for the fiscal year, and any necessary measures based on TPCPLC's quarterly forecasts.

Research and development

TPCPLC's research and development (R&D) efforts aim to create innovative products, develop new product formulations, and improve processes to lower energy consumption, conserve resources, strengthen the circular economy, reduce CO_2 emissions and costs, and enhance customer satisfaction.

Research and development activities at TPCPLC can be divided into three main areas of focus:

a. Advanced automation solutions development: Utilizing digitalization, we seek to reduce energy consumption, maintain equipment in optimal condition, and ensure consistent product quality.

b. Carbon footprint reduction through cement development: We are working on composite cement with lower clinker content. This is the most crucial step in reducing energy consumption and CO_2 emissions during production, while also helping to preserve natural resources.

c. CO_2 reduction technology development: We aim to increase the use of biomass fuels and are currently exploring more stable sources for this purpose.

REPORT BY THOSE CHARGED WITH GOVERNANCE *CONTINUED*

FOR THE YEAR ENDED 31 DECEMBER 2024

7. OPERATIONAL PERFORMANCE

TPCPLC outlook in numbers

	COMPANY	COMPANY	
Figures in TZS Millions	**2024**	**2023**	**Change%**
Income statement			
Revenue	448,586	490,172	-8.5%
Operating profit	79,281	141,433	-43.9%
Profit for the financial year	56,674	99,184	-42.9%
Earnings per share (TZS)	315	551	-42.9%
Dividend per share (TZS)	390	390	0.0%
Investments in Tangible Assets & PPE	22,190	11,966	+85.4%
Depreciation and amortisation	19,685	21,819	-9.8%
Balance sheet			
Non-current assets	180,125	138,555	+30.0%
Current assets	300,732	307,132	-2.1%
Equity	314,899	328,557	-4.2%
Non-current liabilities	17,617	20,706	-14.9%
Current liabilities	148,340	96,424	+53.8%
Balance Sheet Total	480,857	445,687	+7.9%
Ratios			
Operating Income (OI) Margin	17.7%	28.9%	-11.2%
Return on total assets before taxes	16.2%	31.5%	-15.3%
Return on equity	18.0%	30.2%	-12.2%
Return on revenue	12.6%	20.2%	-7.6%
Non-Financial Figures:			
Number of employees at year end	263	257	+2.3%

Extensive operating results information is found from page 25.

7. OPERATIONAL PERFORMANCE *continued*

Revenue and results

Clinker production in 2024 slightly declined by 1.4% compared to 2023. However, cement production increased by 0.3% compared to 2023 We are committed to continued improvement and maintenance of machines to ensure optimal production capacities.

The turnover also declined from TZS 490.2 billion to TZS 448.6 billion in 2024, a decline of 8.5%. This is attributed to the overall shrinkage in the cement market growth and increasing fierce competition.

Due to a decline in sales, TPCPLC recorded a 44% decrease in operating profit for the year compared to the previous year. Profit for the year amounted to TZS 56.7 billion (2023: TZS 99.2 billion). Total comprehensive income was also TZS 56.5 billion, down from TZS 99 billion in 2023.

The Board of Directors will propose to the shareholders a dividend distribution of TZS 600 per share (2023: TZS 390 per share).

Cash flow position

Despite a challenging market environment and higher energy and raw material prices, cash inflow from operating activities in the 2024 financial year increased by 13.6% to TZS 108.6 billion (2023: TZS 95.6 billion), surpassing the previous year's level. This improvement was primarily driven by better working capital management compared to the prior year.

Due to a negative net cash movement of TZS 24.2 billion (2023: Positive net cash movement of TZS 18.5 billion), primarily driven by the Mamba investment, the cash and cash equivalents balance declined from TZS 131.4 billion to TZS 115.3 billion.

Earnings anticipation

We anticipate a modest growth in cement revenue in 2025 based on some improvement in market conditions compared to the previous year, mainly due to better weather conditions, and higher overall market demand in the first half, though larger public projects are not yet taking off. On the other hand, TPCPLC will keep optimizing its cost structure, focusing in the reduction of the variable production cost, logistics, and raw materials, in turn we anticipate a slight increase in operating profit for 2025.

8. FUTURE PROSPECTS OF THE COMPANY

The cement market in Tanzania and the East African region has been growing steadily over the past years. TPCPLC has invested in expanded capacity, rehabilitated old clinker lines, and identified strategic sources of raw materials to secure its operations and cope with market growth.

Additional focus continues to be placed on process improvement and cheap energy development, with the new investment in solar panels, and continuous efforts to increase the consumption of alternative fuels, which will also reduce Carbon dioxide (CO_2) emissions at the same time, through the utilization of biomass. Management is projecting to achieve more than 20% of alternative fuels in the fuel mix by 2025.

9. SOLVENCY EVALUATION

The Directors have reviewed the current financial position of the Company and the existing short-term liabilities. Based on this review together with the current business plan, the Directors are satisfied that the Company is a going concern within the meaning ascribed by the Companies Act, 2002 of the Laws of Tanzania and IFRS Accounting Standards.

10. MAJOR EVENTS

On September 2024, TPCPLC acquired a 95% stake in Mamba Cement Company Limited ("MCCL") from Sura Holdings Limited for a cash consideration of TZS 42 billion.

The investment was done to secure limestone reserve which is key raw materials for cement production due to limited limestone and filler reserve at TPCPLC quarry. This will give the company access to the largest limestone deposits near Dar es Salaam approximated 125km from TPCPLC plant.

11. CORPORATE GOVERNANCE

TPCPLC adheres to strict Corporate Governance standards to ensure the company's long-term value and success while considering the interests of its diverse stakeholder groups, including shareholders, customers, suppliers, employees, and the communities where TPCPLC conducts its operations.

TPCPLC has three governing frameworks, the Annual General Meeting, the Board of Directors, and the Audit Committee. The tasks and responsibilities of these institutions are primarily based on Stock Exchange Regulations and the company's Articles of Association. The Board of Directors is of the opinion that the Company complies with principles of good Corporate Governance as required by the Stock Exchange Regulations.

The shareholders exercise their rights before or during the Annual General Meeting and thereby exercise their voting rights. The ordinary Annual General Meeting is normally held at the mid of the financial year. A company proxy bound by instructions is also available to shareholders to exercise their voting rights at the Annual General Meeting.

a. Code of Business Conduct

The Code of Business Conduct is binding for the entire Company. The Code of Business Conduct calls for:

- integrity and professional behaviour towards customers, suppliers, authorities, and business partners,
- strict compliance with all applicable laws,
- the consideration of sustainability and environmental concerns,
- consistent avoidance of conflicts of interest,
- careful and responsible handling of the Group's property and assets,
- careful and responsible handling of company data,
- fair, non-discriminatory employment conditions and fair dialogue with the employee representatives,
- the provision of healthy and safe workplaces, and
- considerate handling of the country's natural resources.

To ensure that the rules of the Code of Business Conduct are understood and observed, all members of the Managing Board and employees must regularly complete an online training programme.

b. The Board of Directors

The Board currently comprises six directors: five Non-Executive Directors and the Managing Director. The roles of the Chairman and Managing Director are separate to achieve a balance between management and control. The Board is responsible to shareholders for corporate governance of the Company, for setting strategy and policies, monitoring of operational performance, risk management processes, and setting of authority levels. The Board is scheduled to meet 3 times during the financial year.

The directors of the Company who served during the year, and to the date of this report, are:

Name	Title	Nationality	Age	Qualification	Initial Appointment
Mr. Alfonso Velez	Managing Director	Spanish	56	MBA	29 Aug 2017
Mr. Christian Mikli	Director	German	51	B. A	1 Jan 2024
Mr. Francesco Brambilla	Director	Italian	54	Engineer	25 Apr 2018
Mr. Hakan Gurdal	Chairman	Turkish	57	Engineer, MBA	23 Aug 2016
Mr. Oswald Martin Urassa	Director	Tanzanian	61	B.com, MBA, CPA(T)	25 May 2016
Mrs. Ruth Henry Zaipuna	Director	Tanzanian	52	B.com, MBA, CPA(T)	25 May 2016

All current Directors are non-executive except for the Managing Director.
The Company Secretary during the year ended 31 December 2024 was Mr. Brian Kangetta (Kenyan), 47 years old.

REPORT BY THOSE CHARGED WITH GOVERNANCE *CONTINUED*

FOR THE YEAR ENDED 31 DECEMBER 2024

11. CORPORATE GOVERNANCE *Continued*

b. The Board of Directors *Continued*

The Directors' Interest in the Shares of the Company

	Number of shares	
	2024	2023
Mr. Oswald Martin Urassa	500	500

Board Meetings

The table presented below displays the board members' attendance record for the ordinary scheduled board meetings during the year.

Name	26 Apr 2024	18 Jul 2024	10 Dec 2024
Mr. Alfonso Velez	√	√	√
Mr. Christian Mikli	√	√	√
Mr. Francesco Brambilla	√	√	√
Mr. Hakan Gurdal	√	√	√
Mr. Oswald Martin Urassa	√	√	√
Mrs. Ruth Henry Zaipuna	√	√	√

√ AttendedX Excused

c. The Audit Committee

The Board is assisted in the discharge of its responsibilities related to financial reporting, compliance, risk management, accounting, and information systems management by the Audit Committee. The Audit Committee is chaired by one of the Non-Executive Directors. Meetings are held throughout the year and are attended by senior management and the Company's auditors where necessary. The Audit Committee met 3 times in 2024 (2023: 3 times).

Audit Committee Members

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

Name	Title	Nationality	Qualification
Mr. Christian Mikli	Chairman	German	B.A
Mr. Oswald Martin Urassa	Member	Tanzanian	B.com, MBA, CPA(T)
Mrs. Ruth Henry Zaipuna	Member	Tanzanian	B.com, MBA, CPA(T)

Audit Committee Meetings

The table presented below displays audit committee members' attendance records for the ordinary scheduled meetings during the year.

Name	26-Apr-2024	18-Jul-2024	10-Dec-2024
Mr Christian Mikli	√	√	√
Mrs. Ruth Henry Zaipuna	√	√	√
Mr. Oswald Martin Urassa	√	√	√

√ Attended
X Excused

11. CORPORATE GOVERNANCE *Continued*

d. Performance evaluation and reward

The Company has implemented an evaluation and bonus system for its managers and employees. Rewards in the form of yearly bonuses are linked to the Company's overall financial performance, production, health and safety, and individually set performance targets.

e. Risk management and internal control

TPCPLC faces several risks due to its business operations, and effective risk management is crucial for sound corporate governance. The company's robust risk management framework facilitates early identification and systematic evaluation of potential risks, ensuring targeted risk management. Additionally, TPCPLC has an internal control system that includes both independent and integrated control measures through its internal audit function.

The Internal Auditor is responsible for establishing and implementing a yearly internal audit plan whereby compliance with policies and procedures, the adequacy of internal controls and risk management, and the potential for improvements are assessed. In addition, the Company benefits from regular reviews by the internal audit team of the main shareholder.

f. Business ethics and organizational integrity

The issues of good governance and ethical conduct are critical to counterparty and investor perceptions of a listed Company. The Company strives to ensure that its integrity and professional conduct are always beyond reproach. The Company has developed ethical guidelines for its employees to limit the cost of unethical behaviour to its stakeholders. The Company has adopted the main shareholder's business code of conduct and anti-corruption guidelines. Hence every employee has signed a declaration to comply with these rules.

g. Management reporting, financial reporting, and auditing

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

12. DIRECTORS' REMUNERATION

The Company paid a total of TZS 64.1 million (2023: TZS 64.3 million) for services rendered by the Directors of the Company and members of the Audit Committee.

The remuneration for services rendered by the directors was as follows:

	2024 TZS '000	2023 TZS '000
Chairperson of the Board	-	-
Other directors	64,120	64,263

13. KEY MANAGEMENT PERSONNEL OF THE COMPANY

The key management personnel who served the Company during the year ended 31 December 2024 were:

Name	Position
Mr. Alfonso Velez	Managing Director
Mr. Peter James	Finance Director[1]
Mr. Simon Renauld	Finance Director[2]
Mrs. Evaline Mushi	Director of Human Resources
Mr. Yves Mataigne	Commercial Director
Mr. Gilles Covello	Technical Director
Mr. Ahmed Elsawy	Plant Manager
Mr. Jerome Mwakabaga	Health & Safety Manager
Mr. Ali Ahmed	Procurement Director

[1] Peter James until 30th June 2024

[2] Simon Renauld from 1st July 2024

13. KEY MANAGEMENT PERSONNEL OF THE COMPANY *Continued*

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

14. RISK MANAGEMENT

Operating within a dynamic environment, TPCPLC is subject to a range of external, operational, and financial risks. To manage these risks, the company has implemented a comprehensive framework for Risk Management and Internal Control, which is supported by appropriate governance and tools. By adopting this process, the company can identify, assess, mitigate, and monitor its overall risk exposure, while integrating forward-looking risk analysis into all strategic decision-making. This approach helps to minimize the probability and impact of any potential adverse events.

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

- The Company's assets are safeguarded,
- Compliance with the applicable laws and regulations,
- Reliability of the accounting records,
- Business sustainability, and
- Responsible behaviour towards all stakeholders.

Identification and Assessment of Risks

Management and the internal control department regularly engage in the process of identifying risks, using various sources of information such as general macroeconomic data, industry-specific risk information, and identification tools and techniques. Additionally, they refer to an internal risk catalogue that documents financial and non-financial risk categories.

For each defined risk category, the likelihood is assessed with a minimum threshold of 10% and considering the expected impact, taking into account any risk mitigation measures already in place. A 12-month operational planning cycle is utilized to estimate the likelihood, and the effects on key parameters such as results from current operations (RCO), profit for the financial year, and cash flow are used as benchmarks to assess the potential impact. The risks are considered net of any mitigation measures.

The underlying scaling for the short-term risks incorporated into the planning cycle is as follows.

Likelihood	
Unlikely	0% to 20%
Seldom	>20% to 40%
Possible	>40% to 60%
Likely	>60% to 100%

REPORT BY THOSE CHARGED WITH GOVERNANCE *CONTINUED*

FOR THE YEAR ENDED 31 DECEMBER 2024

14. RISK MANAGEMENT *Continued*

Risk Areas

We categorize risks that could have a significant impact on our assets, finances, and earnings into five categories: financial risks, strategic risks, operational risks, legal and compliance risks, and climate risks. These categories are based on our internal risk catalogue and establishment from our main shareholder. We will focus our risk assessment only on those risks that are deemed significant for our organization.

Below is the change in risks in comparison to the previous year.

Financial risks	↑
Strategic risks	
Economic risks	→
Political and social risks	→
Natural disasters/pandemics	→
Raw material shortages	→
Digitalisation	→
Skills shortages	→
Operational risks	↑
Legal and compliance risks	↑
Climate risks	→
Market and reputational risks	→

↑ **Increased** → **Stable** ↓ **Decreased**

Financial risks

Our significant financial risk is currency risk and liquidity risk, as well as tax risks. We manage these risks primarily as part of our ongoing business and financing activities and, when required, by using derivative financial instruments. These risk areas are monitored continuously by the Company treasury department in coordination with the treasury department of our main shareholder.

Currency Risk

The most significant risk position with respect to financial risks is the currency risk, particularly the translation risk. The Company's functional currency (TZS) is exposed to fluctuation in the international currency market. This exposes the Company to foreign currency exchange risks. Management is constantly monitoring this risk and making appropriate decisions so that its impact is minimised. More details on foreign currency risk are included in Note 44 to the financial statements.

Liquidity Risk

Liquidity risk exists when a company is not able to procure or generate funds necessary to fulfil operational obligations or obligations entered in connection with financial instruments. For this case, the treasury department keeps close control and planning of cash flows depending on monthly plans and uncertainties that might come up or are expected to arise as well as ensuring diversification of funding sources, this includes proper management of credit risk, ensuring adequate control on the creditworthiness of our customers and optimum coverage of credit risk through bank guarantees, accredited letters of credit and others.

Strategic Risks

The global and country economic and social environment is constantly changing due to worldwide trends, such as climate change, demographic development, pandemics, digitalisation, and new technologies. These trends present both risks and opportunities. A company's ability to adapt to changes determines the impact of these trends on it. Risks arising from the changing trends may affect demand, price levels, and costs, and therefore the company's earnings. In the following, we describe and assess these risks and indicate measures taken to mitigate their impact.

14. RISK MANAGEMENT *Continued*

Economic risks

The economic outlook is currently influenced by considerable risks. The baseline forecast is for global growth to slow from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024, well below the historical (2000–19) average of 3.8%. Despite the world economic decline, Tanzania's annual GDP growth for the quarter ending September 2024 has improved to 5.9% compared to 5.3% for the quarter ending Dec 2023. Fuel prices in the country remain at a surge.

In case of a recession and a decrease in construction activity, the company may face a decline in demand and price pressure. We believe that the risk situation has tightened compared to last year. However, TPCPLC can partially mitigate this risk thanks to its diversified market portfolio and diversified sources of raw materials and spare parts which reduces dependence.

Political and social risks

The instability in the economic, social, or political landscape, such as shifts in government or heightened political tensions, civil unrest, and internal or international conflicts, can have significant effects on our assets, business, environment, and reputation. These impacts can be either direct, such as security repercussions, or indirect, such as economic unpredictability. Furthermore, they may increase our vulnerability to a wide range of risks, such as compliance, tax, access to raw materials, and reduced cash flow.

In recent years, Tanzania has experienced impressive political and economic progress and has made notable improvements in social welfare. Although the political situation has been relatively stable over time, sudden changes in the political or social landscape can directly affect the Company's performance by impeding market outreach or obstructing the sourcing of raw materials or energy. As a result, TPCPLC conducts a systematic assessment of these risks to ensure prompt mitigation in the event of their occurrence.

Natural disasters/pandemics (Unforeseen external incidents)

Our business performance could be adversely affected by unforeseeable external incidents, such as natural disasters or pandemics. Typically, natural disasters and pandemics occur suddenly. However, after careful evaluation, we have determined that there is no significant risk of such incidents significantly impacting our operations.

Raw material shortages

The availability of raw materials has a significant impact on the cost and overall operations of our company, and consequently, it can significantly influence our financial results. We consider raw material shortages to be an industry-specific risk that could gradually affect our company. We believe that the risk outlook has remained the same compared to last year. To mitigate this risk, TPCPLC continuously monitors our raw material reserves, and local availability, and secures alternative raw materials wherever feasible.

Digitalisation

The business world is undergoing fundamental changes due to the digital transformation. The rise of new digital and networked technologies, as well as increasing automation, may challenge existing business models and create opportunities for new ones. The construction and building materials industry is also gradually changing due to digitalization, which could aid in achieving climate neutrality in building design and construction. This shift could result in the construction of more energy-efficient and long-lasting buildings with lower emissions, potentially reducing cement consumption. Digitalization could also increase efficiency and productivity, such as real-time data analysis from networked systems, predictive maintenance, and better inventory and production process management.

Insufficient progress in digitalization may lead to a loss of efficiency and competitiveness. We consider digitalization as a general risk with a potential impact on the company, gradually occurring over time. We assess the risk level to be unchanged from the previous year. TPCPLC proactively explores and invests in new technologies to capitalize on new digital developments as early as possible.

Skills shortage

As our experienced employees age, there is a possibility of a shortage of experienced and qualified workers, which may lead to lower productivity and increased personnel expenses, ultimately raising production costs. We expect the risk level to remain unchanged from the previous year. To mitigate this risk, TPCPLC implements personnel development programs to attract and retain employees, such as cross-departmental or transnational career paths through our main shareholder.

REPORT BY THOSE CHARGED WITH GOVERNANCE *CONTINUED*

FOR THE YEAR ENDED 31 DECEMBER 2024

14. RISK MANAGEMENT *Continued*

Operational Risks

Operational risks mainly comprise risks concerning the development of energy and raw material costs and their availability. We also consider regulatory risks related to environmental constraints, as well as production, quality, and IT risks. Operational risks have risen compared to the previous year.

Energy prices and availability

Energy is key in the operational activities of the Company and thus, reliable power and gas supply and prices represent a considerable risk to the Company.

The Company depends heavily on the power supply from Tanzania Electric Supply Company Limited (TANESCO). Over the years, there have been significant improvements in power supply, though power cuts still pose a significant impact on operations.

Natural gas is used in the clinker-burning process, to produce our clinker. The company heavily depends on natural gas and thus any significant price changes or shortages have a detrimental impact on the company's operations and production. In recent years, natural gas costs have continued to increase beyond the market development.
We consider this risk to be of a medium to high risk with a high likelihood and a significant impact.

Availability of raw materials and additives

To produce cement, TPCPLC needs substantial quantities of raw materials, which are primarily obtained from its deposits. The limestone quarry owned by TPCPLC marks the starting point of the cement manufacturing process. Limestone is mixed with a proportional amount of red soil to create the raw meal, which is finely blended and fed into kilns to produce clinker. The availability of limestone is critical for uninterrupted operations, and the Company ensures that it has sufficient limestone deposits to meet its needs.

Production-related risks

The cement industry involves complex technology for processing and storing raw materials, additives, and fuels, and is considered an asset-intensive industry. There is a risk of personal injury, material damage, and environmental damage due to accidents and operating risks, which may cause disruptions in operations. TPCPLCs has a risk transfer strategy that sets deductibles for insurance programs based on failure analyses spanning several years.

Although the risk of insufficient insured amounts in the event of damage, particularly from rare and severe types of damage like natural disasters, is present, it is deemed to be low. To prevent the possibility of damage and its consequences, we rely on various surveillance and security systems in our plant, integrated management systems that include high safety standards, as well as regular checks, maintenance, and servicing. We offer appropriate training to all employees to increase their awareness of potential dangers. Overall, production-related risks are deemed to be low and unlikely, with a low impact.

Quality risks

Cement is subject to strict standardisation. If supplied products do not meet the prescribed standards or the customer's quality requirements, we risk losing sales volumes, facing claims for damages, and/or damaging our customer relationships. TPCPLC ensures compliance with the standards from our main shareholder and third-party laboratories utilizing fine-meshed quality assurance in parallel with every process step as well as final inspections. Quality assurance controls are also carried out by independent experts as part of the extensive quality assurance programmes already in place. Overall, we consider the quality risks as a low and unlikely risk with a low impact. The Company ensures compliance with the standards at its laboratory and standard certification by the Tanzania Bureau of Standards (TBS) (ISO 9001 Certification).

IT risks

Our business processes, communication, sales, logistics, and production are supported by IT systems, which can pose two main areas of risk: the unavailability of IT systems due to failures or human error, and the threat of deliberate harmful actions by both external and internal actors.

To minimize IT systems availability-related risks: We have implemented backup procedures and standardized IT infrastructures and processes. Our internal software development teams work with IT experts from our main shareholder to use agile, iterative processes that prioritize identifying and managing risks. For sensitive use cases that interact with our transactional ERP solutions, we conduct small pilot tests with trusted partners in a structured manner to quickly identify and address risks in the early stages of development.

14. RISK MANAGEMENT *Continued*

Operational Risks *Continued*

IT risks *Continued*

To minimize the threat of external and internal cyberattacks: Given the current geopolitical situation and the growing trend of cyberattacks as a business model, both internal and external cyberattacks pose a significant threat. To address this, we have implemented a zero-trust strategy and are increasing security mechanisms in multiple areas. Our cybersecurity team, with the support of our main shareholder, is taking measures to enhance the security of our identification mechanisms, thereby securing user identities. Additionally, we have started using automated methods to analyse unusual user behaviour.

In general, the threat level has increased, leading us to consider the risk of system or application outages as a medium risk (compared to the previous year's low risk) with a moderate impact (similar to the previous year's moderate impact) and an unlikely likelihood (but still possible).

Legal and compliance risks

Our important legal and compliance risks include risks from ongoing proceedings and investigations, as well as risks arising from changes in the regulatory environment and the non-observance of compliance requirements. We are closely monitoring ongoing legal proceedings from a legal standpoint, and we have made appropriate financial provisions as per the legislative requirements to cover any potential negative impact from these proceedings.

Based on our compliance risk assessments, we have determined that TPCPLC faces a moderate compliance risk. However, the financial risk associated with compliance violations is considered low, based on the compliance cases reported and confirmed during the reporting period.

Climate Risks

In Tanzania, where our operations are based, the climate plays a crucial role in the cement industry. Extreme weather patterns, such as heavy rainfall or winds, can significantly affect both the availability and accessibility of raw materials essential for cement production and sales distribution. However, Tanzania enjoys a generally stable climate with predictable weather patterns, which mitigates some of the risk. Unlike regions prone to frequent storms or temperature fluctuations, Tanzania's relatively consistent climate provides a favourable operating environment for cement production. Furthermore, stable climatic conditions contribute to consistent construction activity throughout the year, as adverse weather events that could halt construction projects are uncommon and seasonal.

Thus, while we acknowledge the influence of climate on cement demand and sourcing, we assess the associated risk as stable within the Tanzanian context.

Market and reputational risks

One of the primary market risks for TPCPLC is competition, which is increasing in the Tanzanian market, recently with the inclusion of imported cement in the market. However, TPCPLC is well-positioned to maintain its competitive edge by relying on its high-quality cement, strong brand, skilled workforce, and effective management practices.

As the transition to a low-emission economy continues, there is a market risk associated with changes in consumer preferences. This could result in an increased substitution of cement with other building materials that are perceived to have a lower carbon footprint. Additionally, there is a risk of rising costs for raw materials, which may be partly driven by the transition to a low-emission economy.

To ensure future production, we are taking steps to secure sufficient quantities of alternative fuels and raw materials. In addition, we recognize that failure to meet our sustainability targets promptly may result in negative feedback from certain stakeholders, which could pose a reputational risk to the company. Effective communication can help mitigate these risks. Overall, we consider market and reputational risks to be general risk that could have a gradual impact on TPCPLC. We believe that the risk outlook is stable compared to the previous year.

Overall risk assessment

The Board of Directors has evaluated TPCPLC's overall risk situation by consolidating all major and individual risks. Based on this examination, the Board is confident that there are no significant risks that would pose a threat to the company's status as a going concern, either independently or in combination with other risks. There have been no significant changes to TPCPLC's risk situation between the reporting date and the preparation of the 2024 financial statements. The company has a robust financial foundation, and its liquidity position is strong.

15. KEY STRENGTHS, STRATEGIES, AND RESOURCES

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

Competent Management and Personnel

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

Strong Brand and Quality Products

Twiga Cement is a well-known cement brand in the market and is synonymous with high quality. The brand and quality of TPCPLC products give the Company a competitive advantage in the market. To meet the quality demand of the market, the Company produces six cement products i.e., Twiga Ordinary (CEM I 42.5N), Twiga Plus (CEM IIB-L 42.5N), Twiga Extra (CEM IIB-L 32.5R), Twiga Jenga (MC-22X), Twiga Super (CEM IIB-L 32.5N) and Twiga Mega (CEM III/B-SR 42.5N). The quality of finished goods produced is maintained through consistent quality testing of all the raw materials at every stage of production and the finished goods produced.

Strong Distribution Network

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

Market Position

Twiga Cement is the preferred brand in the market and thus gives TPCPLC a competitive position. TPCPLC's market competitiveness is reinforced by its proximity to the main Dar es Salaam market.

Technical Support

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

High-Quality Limestone Reserves

Limestone is the main material in cement production. The Company has adequate reserves for the cement production capacity.

16. STAKEHOLDERS' RELATIONSHIP

Employees – the company put in place programs and initiatives that focus on the improvement of the employee's welfare, keeping priorities on the health and safety and training of employees. Furthermore, the company works closely with the employee's union (TUICO) to ensure that all issues relating to employees are addressed. The company has maintained a good relationship with TUICO.

Customers – The company is customer-oriented and is fully committed to providing value-added services, experience, and quality products to customers. Our team is determined to keep a competitive edge in our operations as well as in the market.

Suppliers – provide raw materials, services, spare parts, etc., that are key to the operation of the plant. The company provides an opportunity to all through the tendering process, supplier forums, site visits, and favourable terms to ensure the sustainability of operations.

Local communities – the company is engaged in several initiatives that ensure that matters about the communities are addressed. The company ensures that it budgets for community initiatives in the areas of education, health care, women, and children.

16. STAKEHOLDERS' RELATIONSHIP *Continued*

Government and Regulators – these are responsible for the provision of policies, permits, and licenses. The company continues to work closely with the government and regulators through industry bodies, and public forums. The company has in place programs to ensure that its operations comply with the various laws and regulations including environment, health, and safety. Furthermore, the company ensures that its operations promote economic and industrial development in the country.

17. POLITICAL DONATIONS

The Company did not make donations to any political parties or political causes during the year.

18. CORPORATE SOCIAL INVESTMENT

During the year under review, the Company demonstrated its commitment to social responsibility by donating and contributing TZS 79.1 million (2023: TZS 164.7 million). These contributions were made both in monetary terms and in-kind targeting children, women, health care, and education.

19. DIVIDEND

The Directors recommend payment of TZS 107.95 billion (TZS 600 per share) to shareholders as the final dividend for the year 2024. The final dividend will be approved in the annual general meeting and paid in June 2025. During the year the Company declared TZS 70.17 billion (TZS 390 per share) as the final dividend for the financial year 2023.

There was no payment of interim dividend relating to the year ended 31 December 2024. In making this proposal, the Directors have taken into account the financial situation of the Company and its future needs for implementing replacement and improvement projects.

20. SUBSEQUENT EVENTS

There are no other events after the reporting period which require adjustment to, or disclosure, in the financial statements.

21. RELATED PARTY TRANSACTIONS

The ultimate Parent Company of TPCPLC is Heidelberg Materials AG, listed on the Frankfurt Stock Exchange in the Federal Republic of Germany. Heidelberg Materials AG owns indirectly 100% of Scancem International DA of Norway, which in turn owns 69.25% of the TPCPLC shares.

During the year, the Company transacted with related parties, this mainly includes the sale of coal to HM Trading GMBH. Details of related party transactions are shown in Note 40 of the financial statements.

22. SHARE CAPITAL

The total issued share capital of the Company amounts to 179,923,100 ordinary shares (2022: 179,923,100 ordinary shares). There is no change in the issued share capital. The capital structure of the Company is outlined in Note 29.
The shareholding of the Company is as stated below:

Name	2024 % Shareholding	2023 % Shareholding
Scancem International DA	69.25	69.25
General Public	22.78	22.78
Government Pension funds	7.75	7.75
Wazo Hill Saving and Credit Cooperative Society	0.22	0.22
	100.00	**100.00**

23. ACCOUNTING POLICIES

The financial statements are prepared on the underlying assumptions of a going concern. The material accounting policies which are laid out in Note 3 to the financial statements are subject to annual review to ensure continuing compliance with IFRS Accounting Standards.

24. SHAREHOLDERS OF THE COMPANY

The total number of shareholders as at 31 December 2024 was 9,273 shareholders (2023: 9,273 shareholders), with 179,923,100 ordinary shares (2023: 179,923,100 ordinary shares). The following were the ten largest shareholders of the Company:

Name	Nationality	2024 % of Shareholding	2023 % of Shareholding
Scancem International DA	Norwegian	69.25	69.25
Public Service Social Security Fund	Tanzanian	6.16	6.16
Standard Chartered Bank Uganda	Ugandan	5.28	5.28
National Social Security Fund	Tanzanian	1.24	1.24
African Lions Fund LTD	Tanzanian	1.03	0.93
Umoja Unit Trust Scheme	Tanzanian	0.99	0.99
Murtaza Basheer Nasser	Tanzanian	0.90	0.90
Said Salim Awadh Bakhresa	Tanzanian	0.77	0.77
Sayed H. Kadri/Basharat Kadro/Mehboob Kadri/Khalid/Muzammil Kadri	Tanzanian	0.59	0.52
Gak Patel & Co. LTD	Tanzanian	0.36	0.30

25. STOCK EXCHANGE INFORMATION

On 29 September 2006, the Company went public, and its shares started to trade at the Dar es Salaam Stock Exchange. During the year 2024, shares of the Company were continuously traded in the secondary market through auctions organised by the Dar es Salaam Stock Exchange (DSE). In the year 2024, the performance of the Company's shares in the secondary market was as follows: Market capitalisation as at 31 December 2024 was TZS 647.7 billion (2023: TZS 766.5 billion). The share price prevailing as at 31 December 2024 was TZS 3,600 per share, compare to TZS 4,260 per share, one year earlier. The IPO price was TZS 435 per share.

26. SERIOUS PREJUDICIAL MATTERS

During the year, there were no serious judicial matters to report as required by the Tanzania Financial Reporting Standard No. 1 Report by those charged with Governance.

27. STATEMENT OF COMPLIANCE

The Report by those charged with governance has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 "TFRS 1" (The Report by those charged with governance).

28. AUDITORS

Details
The information of the Company's auditors for the period covered by the report is:

PricewaterhouseCoopers
Pemba House
369 Toure Drive
Oyster Bay
P.O. Box 45
Dar es Salaam, Tanzania

Website: https://www.pwc.co.tz/
Firms' PF Number: PF 047
TIN: 100212285

The engagement partner who was in charge of the audit of the Company during the period has the registration number: ACPA-PP 1981

Appointment for 2024

PricewaterhouseCoopers (PwC) was appointed to be the Company's auditor for the year 2024. PwC has also expressed willingness to continue with the appointment and is eligible to apply for a re-appointment. A resolution proposing the appointment of the auditor for the next financial year will be put in the Annual General Meeting.

29. RESPONSIBILITY OF THE AUDITOR

The Auditor is responsible for providing assurance of the correctness and consistency of all information contained in the report by those charged with governance with those provided in the financial statements.

30. RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The members charged with governance accept responsibility for preparing these financial statements which show a true and fair view of the Company to the date of approval of the audited financial statements, in accordance with the applicable standards, rules, regulations, and legal provisions. The members also confirm compliance with the provisions of the requirements of TFRS 1 and all other statutory legislation relevant to the Company.

By order of the Board of those charged with Governance

Approved by the Board of Directors on _ **June 2025** and signed on its behalf by:

Name: **ALFONSO VELEZ** Title: **DIRECTOR** Signature: Alfonso Velez

Name: **OSWALD URASSA** Title: **DIRECTOR** Signature:

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2024

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

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

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

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

Name: **ALFONSO VELEZ** **Title: DIRECTOR** **Signature:**

Name: **OSWALD URASSA** **Title: DIRECTOR** **Signature:**

Date: **June 2025**

DECLARATION OF THE HEAD OF FINANCE

FOR THE YEAR ENDED 31 DECEMBER 2024

The National Board of Accountants and Auditors (NBAA) according to the powers conferred to it under the Auditors and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied by a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors in discharging the responsibility of preparing financial statements of an entity showing a true and fair view of the entity's position and performance in accordance with IFRS Accounting Standards and the requirements of the Tanzanian Companies Act, CAP 212 Act No. 12 of 2002. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under the Statement of Directors' Responsibilities on page 19.

I Godian Ignace, being the Shared Service Centre Manager representing the Head of Finance of Tanzania Portland Cement Public Limited Company hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 December 2024 have been prepared in compliance with IFRS Accounting Standards and the requirements of the Tanzanian Companies Act, 2002.

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

Signed by: **GODIAN F. IGNACE**

Position: **SHARED SERVICE CENTRE MANAGER**

NBAA Membership No. **ACPA 4337**

Date:_ **June 2025**

Report on the audit of the Group and Company financial statements

Our opinion

In our opinion, the Group and Company financial statements give a true and fair view of the Group and Company financial position of Tanzania Portland Cement Public Limited Company (TPCPLC) (the Company) and its subsidiary Mamba Cement Company Limited (together "the Group") as at 31 December 2024, and of its Group and Company cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No.12 of 2022**.**

What we have audited

The Group and Company financial statements set out on pages 25 to 83 comprise:

- the Group and Company statement of financial position as at 31 December 2024;
- the Group and Company statement of comprehensive income for the year then ended;
- the Group and Company statement of changes in equity for the year then ended;
- the Group and Company statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Group and Company financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in the United Republic of Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and Company financial statements of the current period. These matters were addressed in the context of our audit of the Group and Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the audit of the Group and Company financial statements *Continued*

Key audit matters (continued)

Key audit matter	***How our audit addressed the key audit matter***
Unresolved tax matters and contingent liabilities Tax positions were significant to our audit because the assessment process involves judgment in the interpretation and application of tax laws and in assessing tax liabilities and contingencies that could arise from tax audits. The Company (Tanzania Portland Cement Public Limited Company) has significant unresolved tax matters with the Tanzania Revenue Authority (TRA) whose outcomes are dependent on future events. The total amount of tax assessed is TZS 77 billion of which TZS 11.7 billion has been provided for on the financial statements. With the assistance of internal and external experts, the directors exercise significant judgement in assessing the possible outcomes of the unresolved matters for financial reporting purposes at the year-end. The actual future outcomes of these matters could be materially different from the directors' judgement at the year-end. Further information is provided in Note 6, Note 35(b) and note 41.	We tested management's process for identification and evaluation of tax exposures from TRA assessments. We examined a list of open tax matters and tax assessments by TRA as at 31 December 2024. We tested the completeness of the list by examining the minutes of the board meetings and legal correspondences between the company and its lawyers. We examined the correspondence between Management and the Tanzania Revenue Authority. We obtained and assessed advice from management expert that was applied by management to assess the level of provisioning required and the tax objections filed thereon. We reviewed the provisions for tax exposures based on management's assessment and the advice provided by the company's tax advisor. We have evaluated the reasonableness of the management judgement and assessed the adequacy of the disclosures made in the financial statements in relation to contingent liabilities and significant judgments applied by those charged with governance.
Acquisition of Mamba Cement Company Limited During the year, TPCPLC acquired a controlling interest in Mamba Cement Company Limited, a company whose principal activity is to extract limestone, for a total purchase consideration of TZS 42 billion. The acquisition was accounted for as a business combination in accordance with IFRS 3 Business Combinations. This required TPCPLC to determine the acquisition date, identify and measure the fair value of acquired assets and liabilities, including intangible assets, and recognize goodwill or a gain from a bargain purchase. Given the significant judgment involved in determining the fair values, the complexity of the purchase price allocation, and the material impact on the consolidated financial statements, we considered this a key audit matter.	We obtained and evaluated the Group's purchase agreement to understand the terms and assess the appropriateness of the acquisition date used. We assessed management's process for identifying and valuing the acquired assets and liabilities, including the engagement of independent valuation experts. We evaluated the competence, capabilities, and objectivity of the external valuation experts used by management. We involved our own valuation specialists to assess the valuation methodologies applied to key assets such as property, plant and equipment, and identifiable intangible assets. We tested the underlying data used in the valuation models on a sample basis, including assumptions such as property, plant and equipment, and identifiable intangible assets. We tested the underlying data used in the valuation models on a sample basis, including assumptions such as discount rates, useful lives, and revenue growth projections. We considered the adequacy of the related disclosures in the Group and Company financial statements in accordance with IFRS 3.

Report on the audit of the Group and Company financial statements *Continued*

Other information

Those charged with governance are responsible for the other information. The other information comprises The Report by Those Charged With Governance, Statement of Directors' responsibilities and Declaration of the Head of Finance (but does not include the Group and Company financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and other information that will be included in the Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the Group and Company financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Group and Company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of those charged with governance for the Group and Company financial statements

Those charged with governance are responsible for the preparation of the Group and Company financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No.12 of 2002, and for such internal control as those charged with governance determine is necessary to enable the preparation of Group and Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Company financial statements, those charged with governance are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Group and Company financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group and Company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group and Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

***Report on the audit of the Group and Company financial statements** continued*

Auditor's responsibilities for the audit of the Group and Company financial statements (Continued)

- Conclude on the appropriateness of the those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we concluded that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group and Company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group and Company financial statements, including the disclosures, and whether the Group and Company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the Group's and Company's members as a body in accordance with the Companies Act, No. 12 of 2002, and for no other purposes.

As required by the Companies Act, No. 12 of 2002 we are also required to report to you if, in our opinion, The Report by Those Charged with Governance is not consistent with the financial statements, if the Group has not kept proper accounting records, if the Group and Company financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding those charged with governance's remuneration and transactions with the Group and Company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

Cletus Kiyuga, ACPA-PP 1981

For and on behalf of PricewaterhouseCoopers
Certified Public Accountants

Dar es Salaam.

Date: 9 **June 2025**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		GROUP		COMPANY	
		2024	2023	2024	2023
	Notes	TZS '000	TZS '000	TZS '000	TZS '000
Revenue from contracts with customers	7	448,586,092	490,171,829	448,586,092	490,171,829
Cost of sales	9	(339,399,436)	(330,443,277)	(339,399,436)	(330,443,277)
Gross profit		**109,186,656**	**159,728,552**	**109,186,656**	**159,728,552**
Other operating income	8	949,361	9,745,144	949,361	9,745,144
Selling and marketing costs	10	(3,638,392)	(5,891,729)	(3,638,392)	(5,891,729)
Net charge of expected credit losses	25	(187,251)	(11)	(187,251)	(11)
Administrative costs	11	(24,667,805)	(29,440,015)	(24,667,805)	(29,440,015)
Other operating expenses	14	(2,663,963)	(1,504,148)	(2,663,963)	(1,504,148)
Net (loss)/gain on foreign currency translation	17	301,919	8,795,332	301,919	8,795,332
Operating Profit		**79,280,525**	**141,433,125**	**79,280,525**	**141,433,125**
Finance income	15	2,579,964	3,092,852	2,579,964	3,092,852
Finance costs	16	(627,587)	(1,051,474)	(627,587)	(1,051,474)
Finance income - net		**1,952,377**	**2,041,378**	**1,952,377**	**2,041,378**
Profit before tax		**81,232,902**	**143,474,503**	**81,232,902**	**143,474,503**
Income tax expense	34	(24,559,259)	(44,290,757)	(24,559,259)	(44,290,757)
Profit for the year		**56,673,643**	**99,183,746**	**56,673,643**	**99,183,746**
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Re-measurement losses on defined benefit plan	31	(230,280)	(278,660)	(230,280)	(278,660)
Income tax effect	34	69,084	83,598	69,084	83,598
Other comprehensive income for the year		**(161,196)**	**(195,062)**	**(161,196)**	**(195,062)**
Total comprehensive income for the year, net of tax		**56,512,447**	**98,988,684**	**56,512,447**	**98,988,684**
Attributable to:					
Equity shareholders		56,512,447			
Non-controlling interests		-			
Earnings per share					
Basic and diluted earnings per share (TZS)	42	315	551	315	551

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STATEMENT OF FINANCIAL POSITION

		GROUP		COMPANY	
		2024	2023	2024	2023
	Notes	TZS '000	TZS '000	TZS '000	TZS '000
ASSETS					
Non-current assets					
Property, plant and equipment	18	142,081,650	135,386,743	136,164,437	135,386,743
Intangible assets	19	826,625	858,706	826,625	858,706
Goodwill	21	2,500,362	-	-	-
Land and mineral reserves	46	40,829,723	-	-	-
Leasehold land	20	925,237	953,083	925,237	953,083
Right of use assets	22	169,345	1,004,266	169,345	1,004,266
Investment in subsidiary	23	-	-	42,020,000	-
Other non-current financial assets	27	19,000	352,000	19,000	352,000
		187,351,942	**138,554,798**	**180,124,644**	**138,554,798**
Current assets					
Inventories	24	85,199,372	91,459,061	84,003,243	91,459,061
Trade receivables	25	63,855,135	61,659,567	70,522,424	61,659,567
Other short-term operating receivables	26	25,955,778	19,652,739	25,621,192	19,652,739
Current income tax recoverable	34	4,834,448	2,450,612	4,834,448	2,450,612
Other current financial assets	27	420,000	540,000	420,000	540,000
Cash and bank balances	28	115,333,919	131,369,615	115,331,164	131,369,615
		295,598,652	**307,131,594**	**300,732,471**	**307,131,594**
TOTAL ASSETS		**482,950,594**	**445,686,392**	**480,857,115**	**445,686,392**
EQUITY AND LIABILITIES					
Equity					
Share capital	29	3,598,462	3,598,462	3,598,462	3,598,462
Retained earnings		311,300,924	324,958,486	311,300,924	324,958,486
Equity attributable to owners of the parent		**314,899,386**	**328,556,948**	**314,899,386**	**328,556,948**
Non-controlling interest	45	2,079,980	-	-	-
Total equity		**316,979,366**	**328,556,948**	**314,899,386**	**328,556,948**
Non-current liabilities					
Lease liabilities	30	185,130	185,766	185,130	185,766
Employment benefit obligations	31	5,416,086	5,386,658	5,416,086	5,386,658
Provision for quarry site restoration	33	5,231,232	4,573,453	5,231,232	4,573,453
Deferred income tax liability	34	6,784,850	10,559,783	6,784,850	10,559,783
		17,617,298	**20,705,660**	**17,617,298**	**20,705,660**
Current liabilities					
Lease liabilities	30	636	963,806	636	963,806
Employment benefit obligations	31	925,948	562,206	925,948	562,206
Trade and other payables	35(a)	132,787,068	81,389,778	132,773,569	81,389,778
Provisions	35(b)	11,785,869	10,583,245	11,785,869	10,583,245
Dividend payable	39	2,854,409	2,924,749	2,854,409	2,924,749
		148,353,930	**96,423,784**	**148,340,431**	**96,423,784**
TOTAL EQUITY AND LIABILITIES		**482,950,594**	**445,686,392**	**480,857,115**	**445,686,392**

These financial statements were authorised for issue in accordance with a resolution of the Board of directors passed on ____ **June 2025** and were signed on its behalf by:

Name: **ALFONSO VELEZ** Title: **DIRECTOR** Signature:____________

Name: **OSWALD URASSA** Title: **DIRECTOR** Signature:____________

STATEMENT OF CHANGES IN EQUITY

GROUP

	Share Capital and Share Premium (Note 29)	Retained earnings	Non Controlling Interest	Total Equity
	TZS '000	TZS '000	TZS '000	TZS '000
As at 01 January 2024	3,598,462	324,958,486	-	328,556,948
Non-controlling interest arising from business combination (Note 45)	-	-	2,079,980 *	2,079,980
Profit for the year	-	56,673,643	-	56,673,643
Other comprehensive income, net of	-	(161,196)	-	(161,196)
Transactions with owners in their capacity as owners:				
Dividends declared (Note 39)	-	(70,170,009)	-	(70,170,009)
	-	(70,170,009)	-	(70,170,009)
As at 31 December 2024	**3,598,462**	**311,300,924**	**2,079,980**	**316,979,366**
As at 01 January 2023	3,598,462	296,139,811	-	299,738,273
Profit for the year	-	99,183,746	-	99,183,746
Other comprehensive income, net of	-	(195,062)	-	(195,062)
Transactions with owners in their capacity as owners:				
Dividends declared (Note 39)	-	(70,170,009)	-	(70,170,009)
	-	(70,170,009)	-	(70,170,009)
As at 31 December 2023	**3,598,462**	**324,958,486**	**-**	**328,556,948**

*Non-controlling interest arising from business combination on acquisition date

STATEMENT OF CHANGES IN EQUITY

COMPANY

	Share Capital and Share Premium (Note 29)	Retained earnings	Total Equity
	TZS '000	TZS '000	TZS '000
As at 01 January 2024	3,598,462	324,958,486	328,556,948
Profit for the year	-	56,673,643	56,673,643
Other comprehensive income, net of tax	-	(161,196)	(161,196)
Transactions with owners in their capacity as owners:			
Dividends declared (Note 39)	-	(70,170,009)	(70,170,009)
	-	(70,170,009)	(70,170,009)
As at 31 December 2024	**3,598,462**	**311,300,924**	**314,899,386**
As at 01 January 2023	3,598,462	296,139,811	299,738,273
Profit for the year	-	99,183,746	99,183,746
Other comprehensive income, net of tax	-	(195,062)	(195,062)
Transactions with owners in their capacity as owners:			
Dividends declared (Note 39)		(70,170,009)	(70,170,009)
	-	(70,170,009)	(70,170,009)
As at 31 December 2023	**3,598,462**	**324,958,486**	**328,556,948**

STATEMENT OF CASH FLOWS

		GROUP		COMPANY	
		2024	2023	2024	2023
	Notes	TZS '000	TZS '000	TZS '000	TZS '000
Operating activities					
Profit before tax		81,232,902	143,474,503	81,232,902	143,474,503
Adjustment to reconcile profit before tax to net cash flows:					
Depreciation and amortisation	12	19,685,064	21,818,849	19,685,064	21,818,849
Finance cost	16	627,587	1,051,474	627,587	1,051,474
Finance income	15	(2,579,964)	(3,092,852)	(2,579,964)	(3,092,852)
Net unrealised exchange gain	17	1,062,647	(7,386,138)	1,062,647	(7,386,138)
Net provision for obsolete inventories	24	1,781,450	2,902,936	1,781,450	2,902,936
Increase in site restoration provision	33	657,779	307,142	657,779	307,142
Post employment benefit provision- service cost	31	344,619	336,169	344,619	336,169
Increase/(decrease) in other provisions	35(b)	1,202,624	(2,466,530)	1,202,624	(2,466,530)
Expected credit losses for trade receivables	25	187,251	11	187,251	11
Gain on disposal of property, plant and equipment	8	(38,559)	(8,540,612)	(38,559)	(8,540,612)
Cash flows before changes in working capital items		**104,163,400**	**148,404,952**	**104,163,400**	**148,404,952**
Working capital adjustments:					
Inventories - gross*		5,977,170	(7,966,182)	5,973,837	(7,966,182)
Trade receivables - gross		(2,382,819)	(8,098,464)	(9,050,108)	(8,098,464)
Other short-term operating receivables*		(5,968,453)	4,540,996	(5,968,453)	4,540,996
Other financial assets		453,000	282,000	453,000	282,000
Trade and other payables*		50,630,378	2,995,383	51,383,791	2,995,383
Net working capital adjustments		**48,709,276**	**(8,246,267)**	**42,792,067**	**(8,246,267)**
Corporation tax paid	34	(30,648,973)	(46,686,343)	(30,648,973)	(46,686,343)
Payment to post employment benefit - Benefit payments	31	(748,563)	(519,139)	(748,563)	(519,139)
Interest received	15	2,579,964	3,092,852	2,579,964	3,092,852
Net cash inflows from operating activities		**124,055,104**	**96,046,055**	**118,137,895**	**96,046,055**
Investing activities					
Proceeds from disposal of property, plant and equipment	8	38,559	8,540,612	38,559	8,540,612
Payment for capital works-in-progress and PPE	18	(28,107,089)	(11,966,203)	(22,189,876)	(11,966,203)
Investment in subsidiary	23	-	-	(39,697,503)	-
Payment for acquisition of subsidiary, net of cash acquired	23	(39,694,744)	-	-	-
Net cash flows used in investing activities		**(67,763,274)**	**(3,425,591)**	**(61,848,820)**	**(3,425,591)**
Financing activities					
Dividends paid	39	(70,240,349)	(70,150,633)	(70,240,349)	(70,150,633)
Payment of lease liabilities - principal and interest	30	(1,024,557)	(3,998,998)	(1,024,557)	(3,998,998)
Net cash flows used in financing activities		**(71,264,906)**	**(74,149,631)**	**(71,264,906)**	**(74,149,631)**
Net (decrease)/increase in cash and cash equivalents		**(14,973,076)**	18,470,833	**(14,975,831)**	**18,470,833**
Net unrealised exchange gain		(1,062,620)	7,386,138	(1,062,620)	7,386,138
Cash and cash equivalents at 01 January		131,369,615	105,512,644	131,369,615	105,512,644
Cash and cash equivalent at 31 December	28	**115,333,919**	**131,369,615**	**115,331,164**	**131,369,615**

*Inventory gross-exclude fair value and transfer from capital items in stock

*Other short-term operating receivables- exclude other receivables acquired

*Trade and other payables-exclude other payables acquired

1. CORPORATE INFORMATION

The consolidated and separate financial statements of Tanzania Portland Cement Public Limited Company ('the Company') and its subsidiary Mamba Cement Company Limited (the "Subsidiary"), [together, the ''Group"] for the year ended 31 December 2024 were authorized for issue in accordance with a resolution of the Directors as indicated on the statement of financial position. The Company is a Public Limited Company incorporated and domiciled in Tanzania. The Company's shares are publicly traded. The registered office is located at Wazo Hill, Dar es Salaam.

The principal activities of the Company are disclosed in the Report by those charged with governance. Information on its holding Company is provided in Note 40.

2. BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared on a historical cost basis, except when stated otherwise. The consolidated and separate 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 and consolidation basis

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

The consolidated financial statements comprise the Company and its subsidiary (together, the ''Group"). The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtained control and continues to be consolidated until the date when such control ceases. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiary and are prepared for the same reporting period as the Company, using consistent accounting policies. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the consolidated entities to bring their accounting policies in line with the Group's accounting policies.

All intra-group balances, transactions, and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The investment in the subsidiary is measured at cost less impairment losses in the Company's separate financial statements.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; or
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Going Concern
The Group has prepared the Financial Statements on the basis that it will continue to operate as a going concern.

3. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

a) Revenue recognition

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

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

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

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

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

Contract balances and liabilities

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

Unsatisfied delivery contracts
As of 31st December, for the year ended, there was no unsatisfied obligations resulting from cement deliveries.

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

Cost to obtain a contract.
The Group defers and amortises these costs over the period of the contract.

3. MATERIAL ACCOUNTING POLICIES *Continued*

b) Foreign currency translation

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

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

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

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

In determining the spot exchange rate to use on initial recognition of the related asset, expense, or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

c) Property, plant, and equipment

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

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

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

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

Capital work-in-progress.

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

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

3. MATERIAL ACCOUNTING POLICIES *Continued*

d) Capital items in stock

Spare parts and servicing equipment are classified as Property, Plant, and Equipment rather than inventory when they meet the definition of Property, Plant, and Equipment, with a useful life of more than 5 years and a value of more than TZS 140 million. They are measured on cost less depreciation and provision for impairment.

e) Intangible assets

The Group's intangible assets include the value of computer software and mining rights for the limestone quarry. Mining rights are rights to extract limestone from the land that belongs to the government. The Group pays the cost of the mining rights at the inception of the contract in advance and amortizes over the life of the contract or units of production giving mining rights.
Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation that has been consistently applied is 20% – 50%. The amortisation period and the amortisation method for intangible assets 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 are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

f) Impairment of non-financial assets

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and value in use. A cash-generating unit is a small identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount 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. If this is the case, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless either the asset's fair value less cost of disposal is higher than its carrying amounts or the asset's value in use can be estimated to be close to its fair value less costs of disposal and fair value less costs of disposal can be determined.

Where the carrying amount of an asset or CGU 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 pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the assets.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transaction can be identified, and the appropriate valuation model is used value in use is determined using budgets.

g) Inventories

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

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

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

h) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3. MATERIAL ACCOUNTING POLICIES *Continued*

h) Financial Instruments *Continued*

i) Financial assets

Initial recognition and measurement

Financial assets at initial recognition, financial assets are classified into three categories: amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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

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

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

As at the year-end, the financial assets of the Group included cash and cash equivalents, trade receivables, and other financial assets; all classified as assets held to collect and therefore measured at amortised cost.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with the recycling of cumulative gains and losses upon derecognition (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

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

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

Derecognition

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

- The rights to receive cash flows from the asset have expired, or

3. MATERIAL ACCOUNTING POLICIES *Continued*

h) Financial Instruments *Continued*

i. Financial assets *Continued*

Derecognition *Continued*

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

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

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 Group could be required to repay.

Impairment of financial assets

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

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

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

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. A gross carrying amount will be written off when the financial assets can not be recovered after three years.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of incremental transaction costs.

The Group's financial liabilities include Interest bearing loans, accrued expenses, trade payables, and other payables that are financial instruments. These are all classified as financial liabilities at amortised cost.

Subsequent measurement

After initial recognition, interest-bearing loans and trade and other payables are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the finance costs in the statement of comprehensive income.

3. MATERIAL ACCOUNTING POLICIES *Continued*

h) Financial Instruments *Continued*

(ii) Financial liabilities *Continued*

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a

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

i) Offsetting of financial instruments

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

j) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the 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, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Site restoration provision

The provision for restoration represents the cost of restoring site damage after the start of production. Increases or decrease in the provision is charged to profit or loss as a cost of production.

Restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability. The estimated future costs of site restoration are reviewed annually and adjusted as appropriate.

Onerous contracts

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

The Group did not have any onerous contracts during the year.

k) Pensions and other employment benefits

The Group operates defined contribution plans and defined benefit plans.

Pension obligations

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

3. MATERIAL ACCOUNTING POLICIES *Continued*

k) Pensions and other employment benefits *Continued*

Endowment scheme

The Group has an endowment scheme administered by the Jubilee Insurance Group of Tanzania Limited. This scheme is a defined contribution plan. The cost of the endowment scheme is fully met by the Group, and it has no further obligations to the scheme.

Other short-term benefits

The Group maintains a medical insurance policy for its staff which covers staff and their immediate dependants. The entitlement is recognised through profit or loss under employee expenses. The Group does not have any further obligation after contributions have been made.

Post-employment benefits

Under defined benefit obligations the Group provides certain post-employment benefits at retirement. The expected costs of these benefits are accrued over the period of employment. The liability or asset recognized in the statement of financial position for defined benefit pension obligations is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets.

defined benefit obligations are calculated annually by independent actuaries (Mercer) using the internationally accepted method, the projected unit credit method. This method considers factors such as employee service years, salary growth, expected retirement age, and mortality rates.

The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid. If there is no deep market for such bonds, market rates on government bonds are used. The net interest cost is calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement Gains and Losses arise from experience adjustments and changes in actuarial assumptions. They are recognized directly in other comprehensive income and included in retained earnings in the statement of changes in equity and the statement of financial position.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance schemes. Once the contributions have been paid, the Group has no further payment obligations. These contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset if a cash refund or a reduction in future payments is available.

Long-service employment benefits (other long-term employee benefits)

Under this defined benefit plan, the Group provides benefits in the form of cement at certain milestones during the period of employment.

The expected costs of these benefits are accrued over the period of employment and the present value of the obligation is determined by reference to market yields on high-quality corporate bonds, where there is no deep market in such bonds, the market yields on government bonds are used at the end of the reporting period.

These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.
Past service costs are recognised in profit or loss on the earlier of date of the plan amendment or curtailment, and the date that the Group recognises related restructuring costs.

Interest is calculated by applying the discount rate to the defined benefit liability. The Group recognises the following changes in the defined benefit obligation in the statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments, and non-routine settlements
- Interest expense

Key assumptions and sensitivity analysis are disclosed under Note 31.

3. MATERIAL ACCOUNTING POLICIES *Continued*

l) Taxes

Current tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Tax uncertainties

Tax uncertainties in our operations stem from various sources, like tax authority uncertain tax laws interpretations, international transactions, and changing laws. To navigate this, we use a multi-pronged approach. This includes getting clarifications from the Tanzania Revenue Authority (TRA), staying in touch with them, and keeping ourselves updated on new regulations. By being proactive and compliant, minimizing tax exposures. For pending tax matters, close follow up at all levels is consistently sought, and appropriate risk control measures are in constant checks.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. At the end of each reporting period, the Group reassesses unrecognised deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

3. MATERIAL ACCOUNTING POLICIES *Continued*

l) Taxes *Continued*

Value-added tax

Revenues, expenses, and assets are recognised net of the amount of Value Added Tax, except:

- Where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

- Receivables and payables that are stated with the amount of Value Added Tax included.

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

m) Royalty

A royalty fee is a fixed charge paid to the government on annual basis based on the unit of minerals extracted by the Group. The annual fee paid depends on material extracted during a particular month.

n) Dividend distribution

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

Dividend withholding tax

Dividend withholding tax is payable at a rate of 5% on dividends distributed to shareholders. This tax is not attributable to the Group paying the dividend but is collected by the Group and paid to the tax authorities on behalf of the shareholder.

o) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when either:

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

The Group classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

p) Cost of sales

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

3. MATERIAL ACCOUNTING POLICIES *Continued*

q) Leases

The Group assesses at contract inception whether a contract is or contains a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and lease term.

The right-of-use assets are subject to impairment in line with the Group's policy for impairment of non-financial assets.
The useful life of the Group's right-of-use asset is as follows:
- Quarry equipment – 3.25 years
- Factory land – 99 years

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

r) Cash and bank balances
Cash and short-term deposits in the statement of financial position comprise bank balances and time deposit accounts with banks whose original maturities do not exceed three months and cash on hand. For the purpose of the statement of cash flows, cash, and cash equivalents consist of cash and bank balances as defined above.

s) Leasehold land

Leasehold land is stated at cost, net of accumulated amortisation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual rate of depreciation that have been consistently applied is 2%.

3. MATERIAL ACCOUNTING POLICIES *Continued*

s) Leasehold land *continued*

Leasehold land initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised. The asset is derecognised once control has been transferred to the buyer. The assets' residual values, useful lives, and depreciation methods are reviewed and adjusted prospectively, if appropriate, at each financial year-end.

t) Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred by the Company to the former owners of the acquiree, and equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Company's previously held equity interest in the acquiree, if any, over the net fair value of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

Where applicable, the consideration transferred includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Changes in fair value that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Changes in fair value that do not qualify as measurement period adjustments are adjusted prospectively, with the corresponding gain or loss being recognised in profit or loss.

Components of non-controlling interests that are current ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at the acquisition date at either:

- Fair value; or
- The non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The choice of measurement basis is made on an acquisition-by-acquisition basis.

Components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRS Accounting Standards as issued by the International Accounting Standards Board. The difference between the proceeds and the carrying amount of the net assets and liabilities disposed of, adjusted for any related carrying amount of goodwill, is recognised as the profit or loss on disposal of subsidiaries.

Accounting for subsidiaries

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has existing rights that give it the current ability to direct the activities that affect the Company's returns and exposure or rights to variable returns from the entity. The results of subsidiaries are included in the statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal. Investments in subsidiaries are measured at cost less accumulated impairment in separate financial statements

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The consolidated financial statements include the Company's fully owned subsidiary which is Mamba Cement Company Limited

Goodwill

Goodwill is measured as described above. Goodwill on acquisitions of subsidiaries is presented separately on the statement of financial position. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3. MATERIAL ACCOUNTING POLICIES *Continued*

t) Business combinations *continued*

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

u) Land and mineral reserves

(i) Initial recognition

Land and mineral reserves acquired in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date in accordance with the requirements of Ifrs 3 'Business combinations' (refer to Note 46) for further details.

Subsequently such assets are measured at cost less accumulated depreciation and accumulated impairment losses.

(ii) Depreciation/amortisation

Land and mineral reserves costs are depreciated/amortised on a Unit of Production (UOP)/ Unit of extraction method basis over the economically recoverable reserves of the Limestone. The UOP rate calculation for the depreciation/amortisation of mine development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure. Economically recoverable reserves include proven and probable reserves.

The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortised on a UOP basis, whereby the denominator is the proven and probable reserves.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date of the acquisition 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 statement of profit or loss and other comprehensive income when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period and adjusted prospectively, if appropriate.

4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains

The amendments had no impact on the Group's financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements.

The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group's financial statements.

5. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The Company intends to adopt these standards, if applicable when they become effective.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

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

In the process of applying the Group's accounting policies, management has made the following significant estimations, which has the most significant effect on the amounts recognised in the financial statements:

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

Expected credit losses

The Group assesses the financial assets portfolio to determine whether an impairment loss should be recorded in profit or loss. The Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of an individual debtor in that portfolio. The Group performs impairment assessment during recognition of the financial assets taking into consideration forward-looking information pertaining to a specific debtor or a certain debtor’s portfolio. The assessment of the correlation between historically observed default rates, forecasts of economic conditions, and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of the customer’s actual default in the future.

More information on impairment losses including the carrying amounts of the balances affected is presented in Note 25 and 26.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying value may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The assets that are subject to this are presented in Notes 18,19 and 20.

Post-employment and long service defined benefit plans

The cost of defined benefit pension plans and other long-term employment plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are included in Note 31.

Provision for quarry rehabilitation

Limestone is mined from the quarry in a way that leaves the “used” area as a one-level horizontal plateau (bench). The Group re-cultivates the quarry sites that will no longer be mined, and the Group has a quarry rehabilitation plan.

Due to the long-term nature of mining a quarry, assessment of the quarry rehabilitation provision is subject to significant estimates. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. The discount rate used in the calculation of the provision as at 31 December 2024 equalled 15.75% (2023: 12.10%). Refer to Note 33 for more information on the quarry rehabilitation provision.

Asset useful lives

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

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

6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS *Continued*

Contingencies

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

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

For details on the contingent liabilities amounts, refer to Note 41 to the financial statements.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as the experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues, depending on the conditions prevailing in the respective domicile of the companies.

For disclosures and details on tax and tax contingencies, refer to Notes 34 and 41 of the financial statements.

Leases

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit rating).

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that are within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for the leases recognised. The Group typically exercises its option to renew for leases because there will be a significant negative effect on operations if a replacement asset is not readily available. The renewal periods for leases are not included as part of the lease term if they are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS *Continued*

Determining estimated economically recoverable reserves

Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of - assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining limestone reserves. - These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change.

Business combination

For judgements, estimates and assumptions relating to business combination refer to Note 21.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

The Group presents disaggregated revenue based on the type of goods provided to customers and the timing of transfer of the goods. The Group's revenue is recognized at a point in time.

Set out below is the disaggregation of the Group's revenue from contracts with customers.

Sales revenues distribution by product:

Sales of cement per cement type:

	GROUP		COMPANY	
Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
Twiga cement plus	307,702,782	338,957,481	307,702,782	338,957,481
Twiga cement extra	47,422,771	48,678,486	47,422,771	48,678,486
Twiga cement ordinary	85,265,906	72,092,638	85,265,906	72,092,638
Twiga cement super	1,665,468	2,889,403	1,665,468	2,889,403
Twiga cement mega	158,769	3,817,447	158,769	3,817,447
Coal	6,370,396	23,736,374	6,370,396	23,736,374
Total Sales	**448,586,092**	**490,171,829**	**448,586,092**	**490,171,829**

Sales revenue distribution in both domestic and export Markets:

Domestic sales	390,387,334	410,322,340	390,387,334	410,322,340
Export sales	58,198,758	79,849,489	58,198,758	79,849,489
Total Sales	**448,586,092**	**490,171,829**	**448,586,092**	**490,171,829**

8. OTHER OPERATING INCOME

Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
Gain on disposal of property, plant and equipment	38,559	8,540,612	38,559	8,540,612
Other income	910,802	1,204,532	910,802	1,204,532
	949,361	**9,745,144**	**949,361**	**9,745,144**

Other income mainly includes the revenue from hiring of cement bulk tankers and sale of scraps

9. COST OF SALES

	GROUP		COMPANY	
Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
Variable costs	278,207,481	270,495,567	278,207,481	270,495,567
Fixed production costs	40,620,289	38,634,353	40,620,289	38,634,353
Provision for slow-moving and obsolescence (Note 24 [a])	1,781,450	2,902,936	1,781,450	2,902,936
Release of impairment of obsolete consumables	-	-	-	-
Depreciation, amortisation, and impairment (Note 18)	18,790,216	18,410,421	18,790,216	18,410,421
	339,399,436	**330,443,277**	**339,399,436**	**330,443,277**

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

Included in cost of sales variable costs are:

Distribution costs	18,971,934	30,155,897	18,971,934	30,155,897
Raw materials costs	101,376,064	89,480,252	101,376,064	89,480,252
Energy costs	92,352,958	86,385,680	92,352,958	86,385,680
Grinding and packaging costs	19,825,973	20,163,974	19,825,973	20,163,974
Consumables costs	5,712,423	7,195,426	5,712,423	7,195,426
Costs of goods for resale - coal	5,263,035	21,003,101	5,263,035	21,003,101
Excise duty costs	32,629,767	15,607,272	32,629,767	15,607,272
Other variable production costs	2,075,327	503,965	2,075,327	503,965
	278,207,481	**270,495,567**	**278,207,481**	**270,495,567**

Included in cost of sales - fixed production costs are:

Cost of repair and maintenance costs		15,564,961	17,450,453	15,564,961	17,450,453
Staff costs	13	16,859,845	16,969,940	16,859,845	16,969,940
Consultancy and insurance costs		2,075,627	1,785,319	2,075,627	1,785,319
Security and safety gears costs		1,527,881	1,685,495	1,527,881	1,685,495
Other fixed production costs		4,591,975	743,146	4,591,975	743,146
		40,620,289	**38,634,353**	**40,620,289**	**38,634,353**

10. SELLING AND MARKETING COSTS

		GROUP		COMPANY	
Figures in TZS '000		**2024**	**2023**	**2024**	**2023**
Staff costs	13	2,495,576	2,200,141	2,495,576	2,200,141
Marketing, advertising and sales costs		1,142,816	3,691,588	1,142,816	3,691,588
		3,638,392	**5,891,729**	**3,638,392**	**5,891,729**

11. ADMINISTRATIVE COSTS

		GROUP		COMPANY	
Figures in TZS '000		**2024**	**2023**	**2024**	**2023**
Staff costs	13	5,885,866	4,989,559	5,885,866	4,989,559
Consultancy and insurance costs		2,215,562	4,883,488	2,215,562	4,883,488
Management fees		5,923,390	6,697,984	5,923,390	6,697,984
Other administrative expenses		9,748,139	9,460,556	9,748,139	9,460,556
Depreciation, amortisation and impairment		894,848	3,408,428	894,848	3,408,428
		24,667,805	**29,440,015**	**24,667,805**	**29,440,015**
Included in Other administrative expenses are:					
Audit fees		170,250	183,979	170,250	183,979
Donations and corporate social responsibility		79,130	164,731	79,130	164,731
Environmental, overheads & other admin costs		6,517,578	6,162,930	6,517,578	6,162,930
Expense relating to short-term leases of low-value assets		1,188,037	1,027,550	1,188,037	1,027,550
Travelling costs		1,262,867	1,099,431	1,262,867	1,099,431
Legal fees		466,157	757,672	466,157	757,672
Directors' remuneration		64,120	64,263	64,120	64,263
		9,748,139	**9,460,556**	**9,748,139**	**9,460,556**

12. DEPRECIATION AND AMORTISATION

Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
Depreciation of property plant and equipment (Note 18)	18,790,216	18,410,421	18,790,216	18,410,421
Depreciation of right-of-use assets (Note 21)	834,921	3,329,725	834,921	3,329,725
Amortisation of intangible assets (Note 19)	32,081	50,857	32,081	50,857
Amortisation of lease hold land (Note 20)	27,846	27,846	27,846	27,846
	19,685,064	**21,818,849**	**19,685,064**	**21,818,849**

13. STAFF COSTS

		GROUP		COMPANY	
Figures in TZS '000		**2024**	**2023**	**2024**	**2023**
Staff costs under:					
Cost of sales		16,859,845	16,969,940	16,859,845	16,969,940
Selling and marketing costs		2,495,576	2,200,141	2,495,576	2,200,141
Administrative expenses		5,885,866	4,989,559	5,885,866	4,989,559
		25,241,287	**24,159,640**	**25,241,287**	**24,159,640**
Staff costs is made up of:					
Salaries, wages and bonuses		12,590,309	11,614,456	12,561,323	11,614,456
Expats staff costs (technical assistance)		3,909,383	4,460,031	3,909,383	4,460,031
Social Security Contribution		1,506,724	1,448,848	1,506,724	1,448,848
Payroll tax (SDL and WCF)	32	605,651	626,940	605,651	626,940
Post employment - current service costs	31	344,619	336,169	344,619	336,169
Allowances i.e. leave, shift etc		2,858,303	2,637,592	2,858,303	2,637,592
Medical, training, meals and beverages		1,730,910	1,598,521	1,730,910	1,598,521
Other employment costs and employee benefits		1,724,374	1,437,083	1,724,374	1,437,083
		25,270,273	**24,159,640**	**25,241,287**	**24,159,640**

14. OTHER OPERATING EXPENSES

	GROUP		COMPANY	
Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
Local government levies and taxes	2,572,463	1,504,148	2,572,463	1,504,148
Other operating expenses	91,500	-	91,500	-
	2,663,963	**1,504,148**	**2,663,963**	**1,504,148**

15. FINANCE INCOME

	GROUP		COMPANY	
Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
Interest income on short term bank deposits	2,579,964	3,092,852	2,579,964	3,092,852
	2,579,964	**3,092,852**	**2,579,964**	**3,092,852**

16. FINANCE COSTS

		GROUP		COMPANY	
Figures in TZS '000		**2024**	**2023**	**2024**	**2023**
Interest expense on employment obligations	31	566,836	513,851	566,836	513,851
Interest expense on lease liabilities		60,751	537,623	60,751	537,623
		627,587	**1,051,474**	**627,587**	**1,051,474**

17. NET GAIN/(LOSS) ON FOREIGN CURRENCY TRANSLATION

	GROUP		COMPANY	
Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
Exchange gain - realised	2,726,613	2,352,150	2,726,613	2,352,150
Exchange loss - realised	(1,231,985)	(1,875,875)	(1,231,985)	(1,875,875)
Sub-total	**1,494,628**	**476,275**	**1,494,628**	**476,275**
Exchange gain - unrealised	8,175,230	8,533,624	8,175,230	8,533,624
Exchange loss - unrealised	(9,367,939)	(214,567)	(9,367,939)	(214,567)
Sub-total	**(1,192,709)**	**8,319,057**	**(1,192,709)**	**8,319,057**
Net foreign exchange gains	**301,919**	**8,795,332**	**301,919**	**8,795,332**
Net foreign exchange gains/(losses) distribution				
Net unrealised exchange (losses)/gains are made up of:				
Impacting cash and bank	(1,062,647)	7,386,138	(1,062,647)	7,386,138
Impacting operating receivables, payables and others	(130,062)	932,919	(130,062)	932,919
	(1,192,709)	**8,319,057**	**(1,192,709)**	**8,319,057**
Net realised exchange gains/(losses) are made up of:				
Impacting cash and bank	(658,463)	(110,897)	(658,463)	(110,897)
Impacting operating receivables, payables and others	2,153,091	587,172	2,153,091	587,172
	1,494,628	**476,275**	**1,494,628**	**476,275**
Net foreign exchange gains	**301,919**	**8,795,332**	**301,919**	**8,795,332**

18. PROPERTY, PLANT, AND EQUIPMENT (PPE)

GROUP

PROPERTY, PLANT AND EQUIPMENT (PPE)

Figures in TZS'000	Building and Roads	Production machinery & equipment	Furniture, fixtures, motor vehicles & other equipment	Capital items in stock **	Capital work-in-progress (CWIP)	Total
Cost						
At 01 January 2024	**53,744,424**	**260,309,277**	**20,711,248**	**3,152,879**	**13,438,751**	**351,356,579**
Additions	-	-	-	274,408	27,832,681	28,107,089
Transfers	1,918,759	10,418,728	2,133,457	-	(14,470,944)	-
Transfers to inventory	-	-	-	(299,469)	-	(299,469)*
Transfers - Investment in Subsidiary (Note 23)	-	-	-	-	(2,322,497)	(2,322,497)
Disposal	-	-	(54,380)	-	-	(54,380)
At 31 December 2024	**55,663,183**	**270,728,005**	**22,790,325**	**3,127,818**	**24,477,991**	**376,787,322**
At 01 January 2023	53,122,472	245,031,092	19,050,147	1,994,264	20,792,268	**339,990,243**
Additions	-	-		1,561,510	10,404,693	11,966,203
Transfers	677,680	15,278,185	1,706,101	-	(17,661,966)	-
Transfers to inventory	-	-	-	(402,894)	-	(402,894)
Transfers - Intangible assets	-	-	-	(96,245)	-	(96,245)
Disposal	(55,728)	-	(45,000)	-	-	(100,728)
At 31 December 2023	**53,744,424**	**260,309,277**	**20,711,248**	**3,056,635**	**13,534,995**	**351,356,579**
Accumulated depreciation						
At 01 January 2024	**27,150,476**	**169,029,395**	17,994,282	**1,795,683**	**-**	**215,969,836**
Charge during the year	2,197,081	15,374,893	1,116,219	102,023	-	18,790,216
Disposal	-	-	(54,380)	-	-	(54,380)
At 31 December 2024	**29,347,557**	**184,404,288**	**19,056,121**	**1,897,706**	**-**	**234,705,672**
At 01 January 2023	**25,073,298**	**154,403,001**	**17,064,929**	**1,118,915**	**-**	**197,660,143**
Charge during the year	2,132,906	14,626,394	974,353	676,768	-	18,410,421
Disposal	(55,728)	-	(45,000)	-	-	(100,728)
At 31 December 2023	**27,150,476**	**169,029,395**	**17,994,282**	**1,795,683**	**-**	**215,969,836**
Net carrying amount						
At 31 December 2024	**26,315,626**	**86,323,717**	**3,734,204**	**1,230,112**	**24,477,991**	**142,081,650**
At 31 December 2023	**26,593,948**	**91,279,882**	**2,716,966**	**1,260,952**	**13,534,995**	**135,386,743**

18. PROPERTY, PLANT, AND EQUIPMENT (PPE) *continued*

COMPANY

PROPERTY, PLANT AND EQUIPMENT (PPE)

Figures in TZS'000	Building and Roads	Production machinery & equipment	Furniture, fixtures, motor vehicles & other equipment	Capital items in stock **	Capital work-in-progress (CWIP)	Total
Cost						
At 01 January 2024	**53,744,424**	**260,309,277**	**20,711,248**	**3,056,635**	**13,534,995**	**351,356,579**
Additions	-	-	-	274,408	21,915,468	22,189,876
Transfers	1,918,759	10,418,728	2,133,457	-	(14,470,944)	-
Transfers to inventory	-	-	-	(299,469)	-	(299,469)
Transfers - Investment in Subsidiary (Note 23)	-	-	-	-	(2,322,497)	(2,322,497)
Disposal	-	-	(54,380)	-	-	(54,380)
At 31 December 2024	**55,663,183**	**270,728,005**	**22,790,325**	**3,031,574**	**18,657,022**	**370,870,109**
At 01 January 2023	**53,122,472**	**245,031,092**	**19,050,147**	**1,994,264**	**20,792,268**	**339,990,243**
Additions	-	-		1,561,510	10,404,693	11,966,203
Transfers	677,680	15,278,185	1,706,101	-	(17,661,966)	-
Transfers to inventory	-	-	-	(402,894)	-	(402,894)
Transfers - Intangible assets	-	-	-	(96,245)	-	(96,245)
Disposal	(55,728)	-	(45,000)	-	-	(100,728)
At 31 December 2023	**53,744,424**	**260,309,277**	**20,711,248**	**3,056,635**	**13,534,995**	**351,356,579**
Accumulated depreciation						
At 01 January 2024	**27,150,476**	**169,029,395**	17,994,282	**1,795,683**	**-**	**215,969,836**
Charge during the year	2,197,081	15,374,893	1,116,219	102,023	-	18,790,216
Disposal	-	-	(54,380)	-	-	(54,380)
At 31 December 2024	**29,347,557**	**184,404,288**	**19,056,121**	**1,897,706**	**-**	**234,705,672**
	2,197,081	**15,374,877**	**871,574**	**102,023**		
At 01 January 2023	**25,073,298**	**154,403,001**	**17,064,929**	**1,118,915**	**-**	**197,660,143**
Charge during the year	2,132,906	14,626,394	974,353	676,768	-	18,410,421
Disposal	(55,728)	-	(45,000)	-	-	(100,728)
At 31 December 2023	**27,150,476**	**169,029,395**	**17,994,282**	**1,795,683**	**-**	**215,969,836**
Net carrying amount						
At 31 December 2024	**26,315,626**	**86,323,717**	**3,734,204**	**1,133,868**	**18,657,022**	**136,164,437**
At 31 December 2023	**26,593,948**	**91,279,882**	**2,716,966**	**1,260,952**	**13,534,995**	**135,386,743**

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

*Includes TZS 299.5 million relating to capital items transferred to inventory.

19. INTANGIBLE ASSETS

	GROUP AND COMPANY		
Figures in TZS'000	**Software**	**Mining rights**	**Total**
Cost			
At 01 January 2024	4,986,128	919,530	5,905,658
Additions - Transfer from CWIP	-	-	-
At 31 December 2024	**4,986,128**	**919,530**	**5,905,658**
Accumulated amortisation			
At 01 January 2024	4,924,638	122,314	5,046,952
Charge during the year	32,081	-	32,081
At 31 December 2024	**4,956,719**	**122,314**	**5,079,033**
Carrying value at 31 December 2024	**29,409**	**797,216**	**826,625**
Cost			
At 01 January 2023	4,889,883	919,530	5,809,413
Additions - Transfer from CWIP	96,245	-	96,245
At 31 December 2023	**4,986,128**	**919,530**	**5,905,658**
Accumulated amortisation			
At 01 January 2023	4,873,781	122,314	4,996,095
Charge during the year	50,857	-	50,857
At 31 December 2023	**4,924,638**	**122,314**	**5,046,952**
Carrying value at 31 December 2023	**61,490**	**797,216**	**858,706**

20. LEASEHOLD LAND

	GROUP		COMPANY	
Figures in TZS'000	**2024**	**2023**	**2024**	**2023**
At 01 January	953,083	980,929	953,083	980,929
Less: Amortisation for the year	(27,846)	(27,846)	(27,846)	(27,846)
At 31 December	**925,237**	**953,083**	**925,237**	**953,083**

The lease amount was paid upfront and amortised over the useful life. The remaining lease period for leasehold land is 68 years.

21. Business combination

On 13 September 2024, Tanzania Portland Cement Public Limited Company (TPCPLC) acquired a 95% stake in Mamba Cement Company Limited ("MCCL") from Sura Holdings Limited for a net cash consideration of TZS 42.02 billion. The acquisition was undertaken to achieve vertical integration by securing strategic access to MCCL's limestone reserves, which are critical for clinker production — a key raw material in cement manufacturing. This strategic move supports TPCPLC's long-term raw material security, reduces dependence on third-party suppliers, and enables cost efficiency across the value chain.

The acquisition has been accounted for using the acquisition method in accordance with IFRS 3 – Business Combinations. The transaction resulted in the recognition of goodwill amounting to TZS 2.5 billion, calculated as the excess of the purchase consideration and the fair value of the non-controlling interest over the net identifiable assets acquired.

The goodwill recognised comprises primarily:

a. the anticipated operational synergies from integrating the mining operations into the Group's supply chain,
b. access to long-term limestone reserves with mining rights,
c. the assembled workforce and operational licenses, and
d. the strategic geographical proximity of the MCCL site to TPCPLC's Wazo Hill operations.

Goodwill is not deductible for tax purposes under Tanzanian tax legislation.
As of 31 December 2024, MCCL had not commenced any operating activities following the acquisition. Accordingly, no revenue or profit/(loss) from MCCL is included in the Group's consolidated statement of profit or loss for the year ended 31 December 2024.

The goodwill generated on acquisition is as shown below:

21. Business combination *continued*

	Group
	2024
Consideration transferred	**TZS'000**
Net consideration	42,020,000
Assets acquired, and liabilities assumed at the date of acquisition	
The assets and liabilities recognised as a result of the acquisition are as follows:	
Cash and bank balances	2,759
Trade and other receivable	334,586
Inventories	1,199,462
Land and mineral reserves	40,829,722
Accounts payables	(766,311)
Accruals and provisions	(600)
	41,599,618
Goodwill arising on acquisition	
Cash consideration	39,697,503
Transfer from property plant and equipment	2,322,497
Add: Non-controlling interest ("NCI")	2,079,980
Less: Fair value of identifiable assets acquired	(41,599,618)
	2,500,362
Purchase consideration – cash outflow	
Cash outflow, net of cash acquired	
Cash consideration	39,697,503
Less: balances acquired Cash	(2,759)
Net outflow of cash – investing activities	**39,694,744**
Impairment	
The movement in the impairment of goodwill was as follows:	
At 1 January	-
Impairment charge for the year	-
At 31 December	-

21. Business combination *continued*

Goodwill – Impairment Testing

Goodwill is tested annually for impairment, or more frequently if indicators of impairment are identified. The Group performed its annual impairment assessment of goodwill as at 31 December 2024 and concluded that no impairment charge was required.

In assessing the recoverable amount of the cash-generating unit (CGU) to which goodwill has been allocated, management elected to determine the recoverable amount using fair value less costs of disposal (FVLCD). This valuation basis was deemed appropriate because the land and mineral reserve asset is fundamental to the CGU's ability to generate future economic benefits.

The Group also considers market-based indicators such as the relationship between its market capitalisation and the book value of equity when reviewing for impairment. As at 31 December 2024, the Group's market capitalisation amounted to TZS 647.7 billion (2023: TZS 766.5 billion), based on a share price of TZS 3,600 (2023: TZS 4,260) and 179,923,100 shares in issue. Given that the market capitalisation exceeded the Group's book value of equity at year-end, no impairment of goodwill was indicated.

Key Inputs and Assumptions Used in the Fair Value Calculation

The fair value less costs of disposal of the CGU was determined using the Multi-Period Excess Earnings Method (MPEEM), a form of the income approach that captures the present value of expected future economic benefits attributable to the mineral reserve asset.

Key inputs and assumptions used in the valuation include:

Estimated limestone reserves: 58.6 million metric tonnes, based on an independent geological report by Morgan Worldwide Consultants, Inc.

1. Revenue per tonne: USD 8, based on prevailing market prices for limestone.
2. Extraction and overburden removal cost per tonne: USD 4, based on existing supplier agreements and cost history.
3. Royalties: 3% of extraction expenses, in accordance with Section 87 of the Mining Act, 2010 (as amended), which governs the applicable royalty rates in Tanzania.
4. Inflation rate of 2%: The inflation rate of 2% reflects management's long-term expectations for price increases, supported by historical CPI trends and projections published by the Bank of Tanzania and international financial institutions.
5. Discount rate: 17.7%: the rate is based on the Cost of Equity determined using the Capital Asset Pricing Model (CAPM). The components of the discount rate are detailed as follows:
    a. Risk-Free Rate (Rf): 4.1% - Based on long-term U.S. Treasury yields and consensus economic forecasts, representing the return on a risk-free investment;
    b. Equity Risk Premium (ERP): 6.0% - Reflects the additional return expected by investors for taking on equity market risk, consistent with KPMG market research for emerging markets;
    c. Beta: 0.96 - Based on a market-comparable analysis of listed companies in the cement and mining sector, indicating the relative volatility of the CGU's cash flows compared to the market.
    d. Alpha (Specific Risk Premium): 3.0% - An additional risk premium to capture business-specific risks, including the operational and regulatory risks associated with mineral extraction and market uncertainties during the early stages of project execution.
    e. Country Risk Premium: 4.8% - Reflects the risk associated with operating in Tanzania, including economic, political, and regulatory risks, as per KPMG's market data.

Sensitivity to Changes in Assumptions

The fair value estimate is most sensitive to the following key assumptions:

1. Gross margin levels
2. Discount rate applied to future cash flows
3. Price inflation across the projection period
4. Growth rates applied beyond the forecast horizon

Any adverse changes in these assumptions, individually or in combination, could lead to a materially different valuation result. However, based on the current assumptions and market outlook, management does not expect reasonably possible changes in key assumptions to cause the recoverable amount of the CGU to fall below its carrying amount.

22. RIGHT OF USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

GROUP

Figures in TZS '000	Land	Equipment	Total
As at 01 January 2024	172,665	831,601	1,004,266
Additions	-	-	-
Depreciation expense	(3,320)	(831,601)	(834,921)
Write off	-	-	-
As at 31 December 2024	**169,345**	**-**	**169,345**
As at 01 January 2023	175,985	4,158,006	4,333,991
Additions	-	-	-
Depreciation expense	(3,320)	(3,326,405)	(3,329,725)
Write off	-	-	-
As at 31 December 2023	**172,665**	**831,601**	**1,004,266**

COMPANY

Figures in TZS '000	Land	Equipment	Total
As at 01 January 2024	172,665	831,601	1,004,266
Additions	-	-	-
Depreciation expense	(3,320)	(831,601)	(834,921)
Write off	-	-	-
As at 31 December 2024	**169,345**	**-**	**169,345**
As at 01 January 2023	175,985	4,158,006	4,333,991
Depreciation expense	(3,320)	(3,326,405)	(3,329,725)
Write off	-	-	-
As at 31 December 2023	**172,665**	**831,601**	**1,004,266**

The Company has lease contracts for equipment and land for limestone extraction and factory area for its operations. Leases of land generally have lease terms of 99 years and equipment for 3.25 years. The Company also has certain leases of printers with lease terms of 12 months or less and leases of expatriate's houses with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Refer to Note 28 for further disclosures on leases.

23. INVESTMENT IN SUBSIDIARY

On 13 September 2024, Tanzania Portland Cement Public Limited Company ("TPC Plc") acquired a 95% stake in Mamba Cement Company Limited ("MCCL") from Sura Holdings Limited for a cash consideration of TZS 42 billion. The acquisition was done with the intention of vertical integration of MCCL's operations with TPC Plc. MCCL extracts limestone which is a key raw material in the production of clinker. For detailed summary about the subsidiary refer to Note 45

	GROUP		COMPANY	
Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
Cost				
At 1 January	-	-	-	-
Cash investment	-	-	39,697,503	-
Transfer from Property Plant and Equipment	-	-	2,322,497	-
At 31 December	**-**	**-**	**42,020,000**	**-**
Impairment				
At 1 January	-	-	-	-
Impairment charge for the year	-	-	-	-
At 31 December	-	-	-	-
Net carrying amount	**-**	**-**	**42,020,000**	**-**

24. INVENTORIES

		GROUP		COMPANY	
Figures in TZS '000		**2024**	**2023**	**2024**	**2023**
Raw materials and additives		33,334,611	30,232,752	32,138,482	30,232,752
Spare-parts		56,964,026	56,559,475	56,964,026	56,559,475
Consumables		13,666,676	13,378,546	13,666,676	13,378,546
Work - in - progress		657,385	3,654,565	657,385	3,654,565
Finished goods and goods for resale		-			
- Twiga extra cement		693,887	941,270	693,887	941,270
- Twiga ordinary cement		801,507	595,487	801,507	595,487
- Twiga plus cement		845,971	1,396,628	845,971	1,396,628
- Twiga mega cement		-	384,220	-	384,220
- Coal for resale		-	4,299,359	-	4,299,359
Less: Provision for slow moving stock - spareparts and other materials	(a)	(21,690,531)	(19,909,081)	(21,690,531)	(19,909,081)
Provision for impairment of stock	(b)	(74,160)	(74,160)	(74,160)	(74,160)
		85,199,372	**91,459,061**	**84,003,243**	**91,459,061**

(a) Provision for slow-moving and obsolete stock.

	GROUP		COMPANY	
Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
At 01 January	19,909,081	17,006,145	19,909,081	17,006,145
Increase in provision	1,781,450	2,902,936	1,781,450	2,902,936
At 31 December	**21,690,531**	**19,909,081**	**21,690,531**	**19,909,081**
the provision for slow moving stock is composed of;				
Spare parts	17,308,227	17,308,227	17,308,227	17,308,227
Consumables	4,382,304	2,600,854	4,382,304	2,600,854
	21,690,531	**19,909,081**	**21,690,531**	**19,909,081**

24. INVENTORIES *Continued*

(b) Provision for impairment of spare parts and consumables

Figures in TZS '000	2024	2023	2024	2023
At 01 January	74,160	74,160	74,160	74,160
Release of impairment of obsolete consumables	-	-	-	-
At 31 December	**74,160**	**74,160**	**74,160**	**74,160**

During the year 2024, none of the Company's inventory balances was pledged as security for liabilities.

(c) Value of inventories expenses during the year

Figures in TZS '000	2024	2023	2024	2023
Value of inventories expensed during the year	**137,497,091**	**180,352,585**	**137,497,091**	**180,352,585**

25. TRADE RECEIVABLES

		GROUP		COMPANY	
Figures in TZS '000		2024	2023	2024	2023
Trade Receivables - Third Parties		63,801,092	54,121,145	63,801,092	54,121,145
Trade Receivables - Intercompany	40(iii)	871,581	8,168,709	7,538,870	8,168,709
		64,672,673	62,289,854	71,339,962	62,289,854
Allowance for expected credit losses		(817,538)	(630,287)	(817,538)	(630,287)
Net Trade Receivables from contract with customers		**63,855,135**	**61,659,567**	**70,522,424**	**61,659,567**

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

Expected credit loss				
At 01 January	630,287	630,276	630,287	630,276
Provision for expected credit losses	222,184	12,277	222,184	12,277
Release of provision during the year	(34,933)	(12,266)	(34,933)	(12,266)
At 31 December	**817,538**	**630,287**	**817,538**	**630,287**

Trade receivables are non-interest bearing and are generally on 30 to 90 days payment terms.

In 2024, TZS 0.817 billion (2023: TZS 0.63 billion) was recognised as a provision for expected credit losses on trade receivables for the Company. Information about the credit exposures is disclosed in Note 44 (c).

26. OTHER SHORT-TERM OPERATING RECEIVABLES

	GROUP		COMPANY	
Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
Prepaid expenses	1,150,916	1,651,149	1,150,916	1,651,149
Other short term receivables				
Staff loans and advances	353,699	331,403	353,699	331,403
Advances to suppliers	12,277,481	12,907,989	12,277,481	12,907,989
Other receivables	13,383,644	5,972,160	13,049,058	5,972,160
	26,014,824	19,211,552	25,680,238	19,211,552
Gross receivables	**27,165,740**	**20,862,701**	**26,831,154**	**20,862,701**
Allowance for expected credit losses	(1,209,962)	(1,209,962)	(1,209,962)	(1,209,962)
	25,955,778	**19,652,739**	**25,621,192**	**19,652,739**

Terms and conditions of the above other short term receivables:

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

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

Other receivables include tax deposits for pending tax matters under objection.

27. OTHER FINANCIAL ASSETS

Other financial assets include the sale of Lugoba aggregates plant.

As at 31 December 2024, the outstanding amounts relate to the Lugoba aggregates plant, the expected conclusion of repayments to be by or before December 2025.

Amount receivable as at 31 December

	GROUP		COMPANY	
Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
Balance brought forward	892,000	1,174,000	892,000	1,174,000
Proceeds received	(453,000)	(282,000)	(453,000)	(282,000)
As at 31 December	**439,000**	**892,000**	**439,000**	**892,000**
Current portion	420,000	540,000	420,000	540,000
Non current portion	19,000	352,000	19,000	352,000
	439,000	**892,000**	**439,000**	**892,000**

28. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
Cash at bank - local currency	12,410,352	24,223,349	12,409,483	24,223,349
Cash at bank - foreign currency	102,908,142	107,128,531	102,907,399	107,128,531
Cash at hand	15,425	17,735	14,282	17,735
	115,333,919	**131,369,615**	**115,331,164**	**131,369,615**

The carrying amounts disclosed above reasonably approximate the fair values at the reporting date. The cash and cash equivalents position for the purpose of the statement of cash flow purposes is as follows:

Cash and cash equivalents as above	115,333,919	131,369,615	115,331,164	131,369,615
Net cash and cash equivalent	**115,333,919**	**131,369,615**	**115,331,164**	**131,369,615**

29. SHARE CAPITAL

	GROUP		COMPANY	
Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
AUTHORISED, ISSUED AND FULLY PAID UP				
179,923,100 Ordinary Shares of TZS 20 each	3,598,462	3,598,462	3,598,462	3,598,462

SHAREHOLDING

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

30. LEASE LIABILITIES

	GROUP		COMPANY	
Figure in TZS '000	**2024**	**2023**	**2024**	**2023**
As at 01 January	1,149,572	4,610,947	1,149,572	4,610,947
Accretion of interest	60,751	537,623	60,751	537,623
Payments	(1,024,557)	(3,998,998)	(1,024,557)	(3,998,998)
As at 31 December	**185,766**	**1,149,572**	**185,766**	**1,149,572**
Current	636	963,806	636	963,806
Non Current	185,130	185,766	185,130	185,766
	185,766	**1,149,572**	**185,766**	**1,149,572**
The following are the amounts recognised in profit or loss:				
Depreciation expense of right-of-use assets	834,921	3,329,725	834,921	3,329,725
Interest expense on lease liabilities	60,751	537,623	60,751	537,623
Expense relating to short-term leases of low-value assets	1,188,037	1,027,550	1,188,037	1,027,550
Total amount recognised in profit or loss	**2,083,709**	**4,894,898**	**2,083,709**	**4,894,898**

30. LEASE LIABILITIES *Continued*

The rent is paid on annual basis. The lease is renewable on expiry. There are no contingent rents payable, purchase options, and restrictions imposed on the Company associated with the lease arrangements. As at the date of these financial statements contractual terms relating to the renewal of the equipment lease were uncertain, pending tendering processes expected to be completed. Accordingly, the assessment for lease liability and the corresponding right of use asset do not consider the period beyond the contractual tenor of the lease.

The discount rate applied during the year was 19.22% for Land (2023: 19.22%) and 18.22% for Quarry Equipment (2023: 18.22%).

31. EMPLOYMENT BENEFIT OBLIGATIONS

The Company contributes to a pension scheme administered by National Social Security Fund. In addition to that, the Company has an endowment scheme administered by the Jubilee Insurance Company of Tanzania Limited. These two schemes are defined contribution plans. The cost of the endowment scheme is fully met by the Company (See also note 6 Significant Accounting Judgements, estimates, and assumptions - Pension Obligations).

	GROUP		COMPANY	
Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
Endowment Scheme	862,724	814,427	862,724	814,427
National Social Security Fund (NSSF)	1,506,724	1,448,848	1,506,724	1,448,848
	2,369,448	**2,263,275**	**2,369,448**	**2,263,275**

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

Directors are of the opinion that the unfunded defined benefit obligation does not expose the Company to significant Company-specific or plan-specific risk. There are no modifications/amendments to the defined benefit plans that resulted from either statutory (labour law) or any other negotiations with employees' union that would result into the past service cost being recognised in profit or loss.

	GROUP		COMPANY	
Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
Present value of unfunded obligations	6,342,034	5,948,863	6,342,034	5,948,863
Net liability recognised in statement of financial position	**6,342,034**	**5,948,863**	**6,342,034**	**5,948,863**
Post-employment benefit	5,615,909	5,640,544	5,615,909	5,640,544
Other long-term benefits	726,125	308,319	726,125	308,319
	6,342,034	**5,948,863**	**6,342,034**	**5,948,863**
The amounts recognised in profit or loss:				
Current service cost	344,619	336,169	344,619	336,169
Interest on obligation	566,836	513,851	566,836	513,851
Expense/(income) recognised in profit or loss	**911,455**	**850,020**	**911,455**	**850,020**
Acturial losses/(gains) on defined benefit plan recognized in OCI:				
Post-employment benefit	(201,377)	269,943	(201,377)	269,943
Other long-term benefits	431,657	8,717	431,657	8,717
Expense/(Income) recognised in OCI	**230,280**	**278,660**	**230,280**	**278,660**

31. EMPLOYMENT BENEFIT OBLIGATION *Continued*

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

Post – employment benefits

Figures in TZS '000	2024	2023	2024	2023
Opening balance (end-of-service benefits)	5,640,544	5,042,938	5,640,544	5,042,938
Current service costs	329,648	321,412	329,648	321,412
Interest cost	537,048	485,133	537,048	485,133
Benefits payments	(689,954)	(478,882)	(689,954)	(478,882)
Actuarial losses/(gains)	(201,377)	269,943	(201,377)	269,943
Closing balance (end-of-service benefits)	**5,615,909**	**5,640,544**	**5,615,909**	**5,640,544**

Other long-term benefits

Figures in TZS '000	2024	2023	2024	2023
Opening balance (long-service awards)	308,318	296,383	308,318	296,383
Current service costs	14,971	14,757	14,971	14,757
Interest cost	29,788	28,718	29,788	28,718
Benefits payments	(58,609)	(40,257)	(58,609)	(40,257)
Actuarial losses/(gains)	431,657	8,717	431,657	8,717
- Sub-total: change in provision for other long-term benefits	417,807	11,935	417,807	11,935
Closing balance (long-service awards)	**726,125**	**308,318**	**726,125**	**308,318**
Total amount of obligation	**6,342,034**	**5,948,862**	**6,342,034**	**5,948,862**

Expected benefit payments

The average duration of the defined benefit plan obligation at the end of the reporting period is 14.4 years (2023: 14.4years).

Principal actuarial assumptions at the reporting date:

	GROUP		COMPANY	
	2024	2023	2024	2023
Discount rate at 31 December	10%	10%	10%	10%
Future annual salary increases	5%	5%	5%	5%
Cost inflation	4%	4%	4%	4%

31. EMPLOYMENT BENEFIT OBLIGATION *Continued*

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

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

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

Sensitivity analysis

The assumptions with the greatest impact on the results are:

Figures in TZS '000	2024	2023	2024	2023
Discount +0.5%	(214,008)	(217,983)	(214,008)	(217,983)
Discount -0.5%	228,463	233,282	228,463	233,282
Service plus interest cost discount +0.5%	79,025	50,761	79,025	50,761
Service plus interest cost discount -0.5%	100,409	72,687	100,409	72,687

The sensitivity figures above are based on changes of reasonable possible changes and assumptions remaining unchanged in a period of one year. Inflation is expected to be stable. The amounts shown under discount represent the value of the obligation after changing the assumption on the statement of financial position while the amounts under interest cost shown the value of expense after changing the assumption.

The sensitivity analysis may not be representative of the actual change in the defined obligation as it is unlikely that the change in assumptions would occur.

Membership statistics

Active members[3]

	2024	2023	2024	2023
Headcount	247	246	247	246
Average age	43	43	43	43
Average future service	14	14	14	14
Average annual pensionable salary	37,882	35,551	37,882	35,551

The scheme has no retired or inactive members.

[3] Active members are mainly employees under the Collective Bargain Agreement

32. OTHER STATUTORY PAYROLL REMITTANCES

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

	GROUP		COMPANY	
Figure in TZS '000'	**2024**	**2023**	**2024**	**2023**
Skills and Development Levy	549,067	573,274	549,067	573,274
Workers compensation fund	56,584	53,666	56,584	53,666
	605,651	**626,940**	**605,651**	**626,940**

The amount deducted from employee's salaries and wages in the year in respect of Pay As You Earn (PAYE) is:

Pay As You Earn	6,899,888	5,946,513	6,899,888	5,946,513

At year-end, the following amounts were outstanding and were payable to TRA. The amounts are included in trade and other payables as at year-end and were subsequently remitted after year-end.

Skills and Development Levy	95,981	78,512	95,981	78,512
Pay As You Earn	1,167,134	997,477	1,167,134	997,477
Workers compensation fund	10,064	6,922	10,064	6,922

33. PROVISION FOR SITE RESTORATION

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

	GROUP		COMPANY	
Figure in TZS '00(Figure in TZS '000'	**2024**	**2023**	**2024**	**2023**
At 1 January	4,573,453	4,266,311	4,573,453	4,266,311
Provision for the year	657,779	307,142	657,779	307,142
At 31 December	**5,231,232**	**4,573,453**	**5,231,232**	**4,573,453**

The key assumptions used in determining the provision are:

- The useful life of the site is estimated to be 19 years, and the provision is made based on the discounted expected cost of closure at the end of this period.
- The cost will be incurred in USD.
- The estimated cost is USD 0.2 per ton (2023: 0.2 PER TON) of material mined from the quarry site.
- The applicable discount rate equals 15.75% (2023: 12.10%) which fairly approximates the market rate.
- Tanzania inflation rate used was 3.10% (2023: 4%)

The expected timing of the provision is to be utilised over periods after more than one year from the reporting date.

34. INCOME TAX

i. Income tax expense

	GROUP		COMPANY	
Figure in TZS '000'	**2024**	**2023**	**2024**	**2023**
Current income tax charge	28,265,137	43,714,041	28,265,137	43,714,041
Deferred income tax (credit)/charge - current year	(3,141,270)	384,776	(3,141,270)	384,776
Deferred income tax (credit)/charge - prior period	(564,608)	191,940	(564,608)	191,940
	24,559,259	**44,290,757**	**24,559,259**	**44,290,757**

ii. Reconciliation of tax expense to tax based on accounting profit:

Accounting profit before taxation	81,232,902	143,473,830	81,232,902	143,473,830
Tax applicable rate of 30% (2023: 30%)	24,369,871	43,042,149	24,369,871	43,042,149
Tax effect on non taxable/non deductible items				
Disallowable expenses for tax purposes	753,996	1,056,668	753,996	1,056,668
Prior year deferred tax adjustment	(564,608)	191,940	(564,608)	191,940
Income tax expense	**24,559,259**	**44,290,757**	**24,559,259**	**44,290,757**

iii. Deferred income tax

Accelerated depreciation for tax purposes	67,663,568	75,395,959	67,663,568	75,395,959
Provisions for post-employment benefits	(2,278,370)	(2,115,479)	(2,278,370)	(2,115,479)
Write-down of inventory to net realisable value	(21,764,691)	(19,983,242)	(21,764,691)	(19,983,242)
Actuarial losses on employee benefits obligation	(4,063,298)	(3,833,018)	(4,063,298)	(3,833,018)
Provision for impairment of receivables	(2,027,500)	(1,840,226)	(2,027,500)	(1,840,226)
Provision for quarry site restoration	(5,231,232)	(4,573,453)	(5,231,232)	(4,573,453)
Unrealised exchange loss	(214,567)	(214,567)	(214,567)	(214,567)
Unrealised exchange gain	8,533,624	8,533,624	8,533,624	8,533,624
IFRS 16 (lease) fair value adjustment	(1,283,856)	(1,412,740)	(1,283,856)	(1,412,740)
Other temporary differences	(16,717,509)	(14,757,581)	(16,717,509)	(14,757,581)
	22,616,169	35,199,277	22,616,169	35,199,277
Deferred income tax liability thereon at 30%	6,784,850	10,559,783	6,784,850	10,559,783
Less: Opening deferred tax liability	(10,559,783)	(10,066,665)	(10,559,783)	(10,066,665)
Deferred income tax (credit)/charge - current year	**(3,774,933)**	**493,118**	**(3,774,933)**	**493,118**
Deferred income tax (credit)/charge to profit	(3,141,241)	384,776	(3,141,241)	384,776
Deferred income tax (credit)/charge - prior period	(564,608)	191,940	(564,608)	191,940
Deferred income tax (credit)/charge to other comprehensive income	(69,084)	(83,598)	(69,084)	(83,598)
	(3,774,933)	**493,118**	**(3,774,933)**	**493,118**

34. INCOME TAX *Continued*

iv. Current income tax payable/(receivable)

	GROUP		COMPANY	
Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
Tax receivable brought forward	(2,450,612)	521,690	(2,450,612)	521,690
Tax charge for the year	28,265,137	43,714,041	28,265,137	43,714,041
Tax payments during the year	(30,648,973)	(46,686,343)	(30,648,973)	(46,686,343)
Current income tax recoverable	**(4,834,448)**	**(2,450,612)**	**(4,834,448)**	**(2,450,612)**

35. TRADE PAYABLES AND PROVISIONS

a. TRADE AND OTHER PAYABLES

Trade payables are non-interest bearing and are normally settled between 15 to 60 days after the invoice date.

- The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.
- Other payables are non-interest bearing and have an average term of 30 days.
- For terms and conditions relating to related parties, refer to Note 40

		GROUP		COMPANY	
Figures in TZS '000		**2024**	**2023**	**2024**	**2023**
Trade payables - third parties		111,062,774	59,950,746	111,062,774	59,950,746
Trade payables - intercompany	40	4,917,636	3,593,450	4,917,636	3,593,450
Accruals		6,438,117	11,824,710	6,425,217	11,824,710
Contract liabilities	36	4,397,821	2,187,150	4,397,821	2,187,150
Short-term operating payables		1,568,571	905,904	1,568,573	905,904
Payables for payroll and related costs		4,402,149	2,927,818	4,401,548	2,927,818
		132,787,068	**81,389,778**	**132,773,569**	**81,389,778**

b. PROVISIONS

Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
At 01 January	10,583,245	13,049,775	10,583,245	13,049,775
Net movement in other provisions during the year	1,202,624	(2,466,530)	1,202,624	(2,466,530)
At 31 December	**11,785,869**	**10,583,245**	**11,785,869**	**10,583,245**

The amount above includes provisions for pending tax matters at different stages of appeals

36. CONTRACT LIABILITIES

Figures in TZS '000	**2024**	**2023**	**2024**	**2023**
At 01 January	2,187,150	4,141,365	2,187,150	4,141,365
Advances for cement Sales	4,397,821	2,187,150	4,397,821	2,187,150
Recognised as revenue during the year	(2,187,150)	(4,141,365)	(2,187,150)	(4,141,365)
At 31 December	**4,397,821**	**2,187,150**	**4,397,821**	**2,187,150**

The performance obligation is satisfied when cement trucks are weighed at Tanzania Portland Cement Plc's weighbridge and a delivery note is generated. Contact liabilities will be realised within an estimate of one month period after the year-end.

37. NET FINANCIAL DEBT

As of 31 December 2024, the Company had no bank overdrafts.

NET DEBT RECONCILIATION

Figure in TZS '000'		GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Cash and cash equivalents (excluding restricted cash)		115,333,919	131,369,615	115,331,164	131,369,615
Lease liabilities	28	(185,766)	(1,149,572)	(185,766)	(1,149,572)
Net Cash/(debt)		**115,148,153**	**130,220,043**	**115,145,398**	**130,220,043**
Cash and liquid investments		115,333,919	131,369,615.00	115,331,164	131,369,615
Gross debt - fixed interest rates		(185,766)	(1,149,572.00)	(185,766)	(1,149,572)
Net Cash/(debt)		**115,148,153**	**130,220,043**	**115,145,398**	**130,220,043**

38. DIVIDEND PROPOSED AND APPROVED

Dividend approved during the year:

Figure in TZS '00C Figure in TZS '000'	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Final dividend 2024: TZS 390 per share (2023: TZS 390 per share)	70,170,009	70,170,009	70,170,009	70,170,009
Total	**70,170,009**	**70,170,009**	**70,170,009**	**70,170,009**

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

During the period under review, there was no interim dividend declared.

Subsequent to year-end, the Board proposed a final dividend for 2024 totalling TZS 107.95 billion (2023: TZS 70.17 billion) being TZS 600 per share (2023: TZS 390 per share).

39. DIVIDEND PAYABLE

Figures in TZS '000	2024	2023	2024	2023
At 01 January	2,924,749	2,905,373	2,924,749	2,905,373
Dividend approved	70,170,009	70,170,009	70,170,009	70,170,009
Dividend paid	(70,240,349)	(70,150,633)	(70,240,349)	(70,150,633)
At 31 December	**2,854,409**	**2,924,749**	**2,854,409**	**2,924,749**

Dividend payable as at year end comprises of:

Figures in TZS '000	2024	2023	2024	2023
Other Shareholders	2,854,409	2,924,749	2,854,409	2,924,749
	2,854,409	**2,924,749**	**2,854,409**	**2,924,749**

40. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's Ultimate Holding Company is Heidelberg Materials AG incorporated in Germany and the immediate holding Company is Scancem International DA incorporated in Norway.

During the year, TPCPLC entered into transactions with Heidelberg Materials AG (the Ultimate Holding Company), Trading Limited, and Cimenteries De lukala, Tanga cement Public Limited company Heidelberg Materials Benelux SA sister companies to TPCPLC. TPCPLC imports raw materials, machinery, spare parts, and services from/through the holding and sister companies. TPCPLC has made payments on behalf of its subsidiary, Mamba Cement Company Limited, for the construction of access roads which will be recovered in future.

(i) Sales to related parties

The Company sold coal to HC Trading GMBH. During the year TPCPLC made the following sales to related parties.

		GROUP		COMPANY	
Figure in TZS '000'		**2024**	**2023**	**2024**	**2023**
Related party	**Relationship**				
HC Trading GMBH	Ultmate parent Company	6,370,396	22,614,771	6,370,396	22,614,771
		6,370,396	**22,614,771**	**6,370,396**	**22,614,771**

(ii) Purchases from related parties

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

		GROUP		COMPANY	
Figure in TZS '000'		**2024**	**2023**	**2024**	**2023**
Related party	**Relationship**				
Heidelberg Material AG	Ultmate parent Company	7,446,777	7,710,031	7,446,777	7,710,031
HC Trading Asia and Pacific PTE Limited	Sister Company	-	10,813,498	-	10,813,498
Heidelberg Materials Benelux SA	Sister Company	498,095	1,444,002	498,095	1,444,002
Heidelberg Cement France	Sister Company	843,675	752,588	843,675	752,588
Cimenterie De Lukala	Sister Company	61,292	-	61,292	-
Tanga Cement Public Limited Company	Sister Company	33,952,892	-	33,952,892	-
		42,802,731	**20,720,119**	**42,802,731**	**20,720,119**

(iii) Amounts due to/from related parties

Trade payables outstanding balances to related companies at the end of the year are as follows:

Figure in TZS '000'	**2024**	**2023**	**2024**	**2023**
Heidelberg Material AG	3,456,347	1,308,150	3,456,347	1,308,150
Heidelberg Materials Benelux SA	549,596	1,377,661	549,596	1,377,661
Heidelberg Cement France	843,675	907,639	843,675	907,639
HC Trading GMBH	891	-	891	-
Cimenterie De Lukala	67,127	-	67,127	-
	4,917,636	**3,593,450**	**4,917,636**	**3,593,450**

Trade receivables outstanding balances from related companies at the end of the year are as follows:

Figure in TZS '000'	**2024**	**2023**	**2024**	**2023**
HC Trading GMBH	-	7,996,434	-	7,996,434
Scancem International	12,544	172,275	12,544	172,275
Mamba Cement Company Limited	-	-	6,667,289	-
Tanga Cement Public Limited Company	859,037	-	859,037	-
	871,581	**8,168,709**	**7,538,870**	**8,168,709**

40. RELATED PARTY TRANSACTIONS AND BALANCES *Continued*

Terms and conditions of transactions with related parties:

The balances are due on demand. Outstanding balances at the year-end are unsecured and interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 December 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2023: Nil). This assessment is undertaken each financial year by examining the financial position of the related parties and the market in which the related parties operate.

(iv) Key Management Personnel and Directors

a) Key Management Personnel

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

	GROUP		COMPANY	
	GROUP		COMPANY	
Figure in TZS '000'	**2024**	**2023**	**2024**	**2023**
Short-term employee benefits (Salaries and allowances)	5,394,805	5,116,530	5,394,805	5,116,530
Post employment benefits (defined contribution plans)	857,488	765,580	857,488	765,580

- No long-term terminal benefits were paid to key management personnel during the year),
- As at year-end, there was no outstanding amount with key management personnel,
- The amounts disclosed in the table above are the amounts recognised as an expense during the period related to key management personnel.

b) Directors' Remuneration

Figures in TZS '000'	**2024**	**2023**
Non-executive Directors	66,248	64,263
	66,248	**64,263**

A schedule detailing the remuneration of each board of directors will be annexed to these financial statements for presentation at the annual general meeting.

c) Balances with Directors

No outstanding balances with the directors during the year (2023: Nil).

41. COMMITMENTS AND CONTINGENCIES

a) Commitment

Capital commitment

No major capital commitment during the year.

Guarantees and other financial facilities

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

Figure in TZS '000'	2024	2023	2024	2023
Guarantees and standby letters of credit received from banks	58,933,169	39,438,998	58,933,169	39,438,998
Unguaranteed trade receivables	**(58,933,169)**	**(39,438,998)**	**(58,933,169)**	**(39,438,998)**

b) Contingencies

Legal claims

Contingent liabilities relate to several court cases on land trespassing, alleged unfair termination of employment contracts and breach of business contracts all amounting to TZS 5 billion (2023: TZS 5 billion). The Company has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in these financial statements.

Contingent asset

No contingent asset during the year

Tax assessment

The Company's future tax charge, effective tax rate, and profit before tax could be affected by several factors including tax reform introduced in Tanzania and the resolution of open tax disputes with the TRA. As at 31 December 2024, the Company had unresolved tax assessments (VAT, WHT, and PAYE) and appealed the matter to the Appeal Board. The tax exposure as at 31st December 2024 amount TZS 77 billion, with provision amount TZS 11.7 billion and TZS 65.2 billion being contingency tax amount.

All major tax positions taken are subject to review by executive management and reported to the Board of Directors. The Company has assessments from external advisors supporting the positions taken in respect of significant tax matters which corroborates the application and interpretation of the tax legislation. The Company has considered all matters in dispute with the TRA and has accounted for any exposure identified if required.

42. EARNINGS PER SHARE

	GROUP		COMPANY	
Figure in TZS	**2024**	**2023**	**2024**	**2023**
Profit attributable to ordinary equity holders	56,673,643,000	99,183,746,000	56,673,643,000	99,183,746,000
Weighted average number of ordinary shares	179,923,100	179,923,100	179,923,100	179,923,100
Basic and diluted earnings per share (TZS)	**315**	**551**	**315**	**551**

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

43. SEGMENT REPORTING

The Group's main product currently is cement. Most of the revenue is therefore derived from the sale of cement (as disclosed in note 7) and the Board of Directors relies primarily on revenue from the sale of cement to assess the performance.

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

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

The Group's operations and tangible non-current assets are located in Tanzania. The Group's cement sales are both in domestic and export markets.

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

44. FINANCIAL RISK MANAGEMENT

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

The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk, and credit risk. The board reviews and agrees on policies for managing each of these risks as summarised below.

a. Treasury risk management

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

b. Foreign currency risk

We understand the financial impact of fluctuating exchange rates on our international activities. To mitigate these risks and safeguard our profitability, we implement a multifaceted foreign currency risk management strategy. We focus on natural hedging, aligning foreign currency revenues with expenses whenever possible, negotiating most contracts in local currency. This minimizes the impact of exchange rate movements by creating an internal buffer.

Additionally, a centralized treasury function oversees all foreign currency transactions, ensuring consistent risk management practices. We further actively monitor and analyze foreign currency markets, allowing us to identify and adapt our strategies as needed. This proactive approach ensures we remain competitive and financially secure.

The following table shows the hypothetical impact on the financial result assuming a 10% increase or decrease in the value of the foreign currency (mainly USD and EUR have been considered) against our functional currency, the Tanzanian shillings, whereby the positive values represent income and the negative values an expense in the income statement.

44. FINANCIAL RISK MANAGEMENT *Continued*

b. Foreign currency risk *Continued*

GROUP

	10% Increase in the value of TZS vs. Foreign currency		10% Decrease in the value of TZS vs. Foreign currency	
Figure in TZS '000'	**2024**	**2023**	**2024**	**2023**
Net effect on profit before tax				
TZS/USD	4,017,074	11,561,073	(4,017,074)	(11,561,073)
TZS/EUR	(70,692)	15,839	70,692	(15,839)

COMPANY

	10% Increase in the value of TZS vs. Foreign currency		10% Decrease in the value of TZS vs. Foreign currency	
Figure in TZS '000'	**2024**	**2023**	**2024**	**2023**
Net effect on profit before tax				
TZS/USD	4,017,074	11,561,073	(4,017,074)	(11,561,073)
TZS/EUR	(70,692)	15,839	70,692	(15,839)

The sensitivity analysis has been determined based on the net exposure as at 31 December 2024. The change of 10% is what is used when determining the net foreign currency transaction risk reported internally to key management personnel to assess reasonably possible change in foreign exchange rates.

Below is a summary of the financial assets and liabilities held in different foreign currencies by the company as of December 31, 2024, indicating the overall level of exposure:

44. FINANCIAL RISK MANAGEMENT *Continued*

b. Foreign currency risk *Continued*

GROUP

	Exposure in EURO translated to TZS	Exposure in USD Translated to TZS	Total in function currency
At 31 December 2024			
Financial assets			
Trade and other receivables	-	39,115	39,115
Cash and cash equivalents	171,948	40,965,206	41,137,154
	171,948	**41,004,321**	**41,176,269**
Financial liabilities			
Trade and other payables	**(878,864)**	**(833,576)**	**(1,712,440)**
Net exposure	**(706,916)**	**40,170,745**	**39,463,829**
At 31 December 2023			
Financial assets			
Trade and other receivables	18,050	16,502,753	16,520,803
Cash and cash equivalents	968,179	106,336,862	107,305,041
	986,229	**122,839,615**	**123,825,844**
Financial liabilities			
Trade and other payables	**(827,841)**	**(7,228,887)**	**(8,056,728)**
Net exposure	**158,388**	**115,610,728**	**115,769,116**

COMPANY

	Exposure in EURO translated to TZS	Exposure in USD Translated to TZS	Total in function currency
At 31 December 2024			
Financial assets			
Trade and other receivables	-	39,115	39,115
Cash and cash equivalents	171,948	40,965,206	41,137,154
	171,948	**41,004,321**	**41,176,269**
Financial liabilities			
Trade and other payables	**(878,864)**	**(833,576)**	**(1,712,440)**
Net exposure	**(706,916)**	**40,170,745**	**39,463,829**
At 31 December 2023			
Financial assets			
Trade and other receivables	18,050	16,502,753	16,520,803
Cash and cash equivalents	968,179	106,336,862	107,305,041
	986,229	**122,839,615**	**123,825,844**
Financial liabilities			
Trade and other payables	**(827,841)**	**(7,228,887)**	**(8,056,728)**
Net exposure	**158,388**	**115,610,728**	**115,769,116**

Exchange rates applicable were as follows:

	TZS: EURO	TZS: USD
On 1 January 2024	3,088	2,555
On 31 December 2024	2,812	2,500
On 1 January 2023	2,561	2,372
On 31 December 2023	3,088	2,555

44. FINANCIAL RISK MANAGEMENT *Continued*

c. Credit risk management

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

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

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

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

Generally, trade receivables are not written off if past due for more than one year and are subject to enforcement activity. The Company does not hold collateral as security. The letters of guarantee are considered an integral part of trade receivables and are considered in the calculation of impairment. At 31 December 2024, 92% (2023: 73%) of the Company's trade receivables are covered by letters of guarantee. For this matter, the Company evaluates the concentration of credit risk for trade receivable as low.

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

		Days past due			
	Current	**31-90days**	**91 - 180 days**	**181 - 360 days**	**Total**
31 December 2024					
Expected credit loss rate	*0.000%*	*0.000%*	*-2.35%*	*-38.75%*	
Estimated total receivables gross carrying amount	38,098,416	27,528,778	3,834,988	1,877,780	71,339,962
Estimated third parties receivables gross carrying amount	38,098,416	19,989,908	3,834,988	1,877,780	63,801,092
Estimated intercompany receivables gross carrying amount		7,538,870			7,538,870
Expected credit loss	-	-	(89,969)	(727,569)	(817,538)
31 December 2023					
Expected credit loss rate	*0.000%*	*0.000%*	*2.35%*	*294.31%*	
Estimated total receivables gross carrying amount	26,339,916	31,927,956	2,999,471	1,022,511	62,289,854
Estimated third parties receivables gross carrying amount	26,339,916	23,759,247	2,999,471	1,022,511	54,121,145
Estimated intercompany receivables gross carrying amount		8,168,709			8,168,709
Expected credit loss	-	-	(70,368)	(559,919)	(630,287)

In both 2024 and 2023, none of the trade receivables mentioned in the brackets were declared as default. All the trade receivables are currently undergoing a follow-up for recovery. Trade receivables above 180 days not provided for are secured by letters of guarantee.

44. FINANCIAL RISK MANAGEMENT *Continued*

c. Credit risk management *Continued*

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. The Company deposits short-term cash surpluses only with banks of high credit standing.
The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2024 and 2023 is the carrying amounts as illustrated in the table below:

Maximum exposure to credit risk

As at year-end, the credit risk arising from trade receivables is mitigated by bank guarantees issued by the bank in respect of customers as presented in Note 41.

		GROUP		COMPANY	
Figure in TZS '000'		**2024**	**2023**	**2024**	**2023**
Trade receivables	25	64,672,673	62,289,854	71,339,962	62,289,854
Guarantees and standby letters of credit received from banks		58,933,169	39,438,998	58,933,169	39,438,998
Unguaranteed trade receivables		**5,739,504**	**22,850,856**	**12,406,793**	**22,850,856**

Other financial assets

As at 31 December 2024, the amounts of the outstanding receivables of TZS 439 million relate to the Lugoba aggregates plant, the expected conclusion of repayments is to be by or before December 2025. The receivable amount is outstanding with one of our major customers with strong creditworthiness in the cement business.

While a repayment agreement is in place, it's important to note that this receivable is not secured by a letter of guarantee. Upon our impairment review, the customer's creditworthiness indicates a strong likelihood of full repayment. Additionally, no material events have impacted collectability. Therefore, no impairment provision has been recognized for this receivable.

d. Liquidity risk

The company mitigates its liquidity risk by generating adequate revenue that can effectively address its working capital requirements in the near future.

44. FINANCIAL RISK MANAGEMENT *Continued*

d. Liquidity risk *Continued*

GROUP

At 31 December 2024	On demand	Less than 3 months	4-12 months	1 to 5 years	More than 5 years	Total
Financial liabilities						
Trade payables - third parties	22,212,555	88,850,219	-	-	-	111,062,774
Trade payables – intercompany	983,527	3,934,109	-	-	-	4,917,636
Accruals	-	3,998,071	2,440,046	-	-	6,438,117
Lease Liabilities	511	1,532	4,167	30,641	322,928	359,779
	23,196,593	**96,783,931**	**2,444,213**	**30,641**	**322,928**	**122,778,306**
At 31 December 2023						
Financial liabilities						
Trade payables - third parties	11,990,149	47,960,597	-	-	-	59,950,746
Trade payables – intercompany	718,690	2,874,760	-	-	-	3,593,450
Accruals	-	7,343,145	4,481,565	-	-	11,824,710
Lease Liabilities	343,435	1,030,305	2,747,565	161,530	1,942,831	6,225,666
	13,052,274	**59,208,807**	**7,229,130**	**161,530**	**1,942,831**	**81,594,572**

COMPANY

At 31 December 2024	On demand	Less than 3 months	4-12 months	1 to 5 years	More than 5 years	Total
Financial liabilities						
Trade payables - third parties	22,212,555	88,850,219	-	-	-	111,062,774
Trade payables – intercompany	983,527	3,934,109	-	-	-	4,917,636
Accruals	-	3,990,060	2,435,157	-	-	6,425,217
Lease Liabilities	511	1,532	4,167	30,641	322,928	359,779
	23,196,593	**96,775,920**	**2,439,324**	**30,641**	**322,928**	**122,765,406**
At 31 December 2023						
Financial liabilities						
Trade payables - third parties	11,990,149	47,960,597	-	-	-	59,950,746
Trade payables – intercompany	718,690	2,874,760	-	-	-	3,593,450
Accruals	-	7,343,145	4,481,565	-	-	11,824,710
Lease Liabilities	343,435	1,030,305	2,747,565	161,530	1,942,831	6,225,666
	13,052,274	**59,208,807**	**7,229,130**	**161,530**	**1,942,831**	**81,594,572**

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

e. Fair value measurements

Except for the Company's other financial assets (current and non-current portions), the fair value of the Company's financial assets and liabilities reasonably approximates the carrying amounts as demonstrated below:

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

44. FINANCIAL RISK MANAGEMENT *Continued*

e. Fair value measurements *Continued*

Typically, the fair value of financial instruments that are traded publicly is determined based on market prices quoted at the end of the reporting period.

For the Company's other financial assets (current and non-current portions), IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The Company specifies a hierarchy of fair values based on whether the inputs to the underlying valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period.
- Level 2 - the fair value is determined using a discounted cash flow model on the basis of input data that does not involve quoted prices classified in level 1, and which is directly or indirectly observable.
- Level 3 -are calculated using measurement models that include factors that cannot be observed on the active market.

The Company had no financial assets or financial liabilities that are measured at fair value on recurring basis as at 31 December 2024, the fair values are not materially different from their carrying amounts.

44. FINANCIAL RISK MANAGEMENT *Continued*

e. Fair value measurements *Continued*

As of the year-end, the Company does not possess any other items measured at fair value that necessitate fair value hierarchy disclosures.

Below describes the impact of changes in the fair value measurement in comparison to carrying amounts at amortised costs, due to the possible shift of significant observable inputs.

There were no movements in the fair value hierarchy during the year.

GROUP	Carrying Amount (by measurement basis)				
Figures in TZS'000	Amortised Cost	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Total
Fair values as of 31 December 2024					
Current financial assets					
Cash and cash equivalents	115,333,919	-	115,333,919	-	115,333,919
Trade receivables	63,855,135	-	-	63,855,135	63,855,135
Other current financial assets	420,000	-	420,000	-	420,000
Non-current financial assets					
Other non-current financial assets	19,000	-	19,000	-	19,000
Current financial liabilities					
Trade payables - third parties	111,062,774	-	-	111,062,774	111,062,774
Trade payables – intercompany	4,917,636	-	-	4,917,636	4,917,636
Accruals	6,438,117	-	-	6,438,117	6,438,117
Non-current financial liabilities					
Non current liabilities at amortised cost	17,617,298	-	-	17,617,298	17,617,298
Fair values as of 31 December 2023					
Current financial assets					
Cash and cash equivalents	131,369,615	-	131,369,615	-	131,369,615
Trade receivables	61,659,567	-	-	61,659,567	61,659,567
Other current financial assets	540,000	-	540,000	-	540,000
Non-current financial assets					
Other non-current financial assets	352,000	-	352,000		352,000
Current financial liabilities					
Trade payables - third parties	59,950,746	-	-	59,950,746	59,950,746
Trade payables – intercompany	3,593,450	-	-	3,593,450	3,593,450
Accruals	11,824,710	-	-	11,824,710	11,824,710
Non-current financial liabilities					
Non current liabilities at amortised cost	17,617,298	-		17,617,298	17,617,298

44. FINANCIAL RISK MANAGEMENT *Continued*

e. Fair value measurements *Continued*

COMPANY	Carrying Amount (by measurement basis)				
Figures in TZS'000	Amortised Cost	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Total
Fair values as of 31 December 2024					
Current financial assets					
Cash and cash equivalents	115,331,164	-	115,331,164	-	115,331,164
Trade receivables	70,522,424	-	-	70,522,424	70,522,424
Other current financial assets	420,000	-	420,000	-	420,000
Non-current financial assets					
Other non-current financial assets	19,000	-	19,000	-	19,000
Current financial liabilities					
Trade payables - third parties	111,062,774	-	-	111,062,774	111,062,774
Trade payables – intercompany	4,917,636	-	-	4,917,636	4,917,636
Accruals	6,425,217	-	-	6,425,217	6,425,217
Non-current financial liabilities					
Non current liabilities at amortised cost	-	-	-	-	-
Fair values as of 31 December 2023					
Current financial assets					
Cash and cash equivalents	131,369,615	-	131,369,615	-	131,369,615
Trade receivables	61,659,567	-	-	61,659,567	61,659,567
Other current financial assets	540,000	-	540,000	-	540,000
Non-current financial assets					
Other non-current financial assets	352,000	-	352,000	-	352,000
Current financial liabilities					
Trade payables - third parties	59,950,746	-	-	59,950,746	59,950,746
Trade payables – intercompany	3,593,450	-	-	3,593,450	3,593,450
Accruals	11,824,710	-	-	11,824,710	11,824,710
Non-current financial liabilities					
Non current liabilities at amortised cost	17,617,298	-	-	17,617,298	17,617,298

f. Capital management

The primary objective of the Company's capital management is to maximise shareholder value. To achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans in the current period.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 35%. The Company includes within net debt, interest-bearing loans and borrowings, less cash, and short-term deposits, excluding discontinued operations.

No changes were made in the objectives, policies, or processes for managing capital during the years ended 31 December 2024 and 31 December 2023 and there are no externally imposed capital requirements.

44. FINANCIAL RISK MANAGEMENT *Continued*

The gearing ratio changed at 0% as of 31 December 2024 (2023: 0%), as the Company does not have any debt.

45. NON-CONTROLLING INTERESTS (NCI)

Non-controlling interest balance relates to the value of the interest held by the non-controlling shareholders in Mamba Cement Company Limited (""MCCL""). TPC Plc owns 95% shares in MCCL.
Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group.

Non-controlling interest balance relates to the value of the interest held by the non-controlling shareholders in Mamba Cement Company Limited ("MCCL"). TPC Plc owns 95% shares in MCCL.

	MCCL
	2024
Summarised statement of financial position	**TZS'000**
Non current assets	44,035,609
Non current liabilities	-
Non current net assets	**44,035,609**
Current assets	1,249,678
Current liabilities	(6,680,789)
Current net liabilities	**(5,431,111)**
Net assets	**38,604,498**
Fair value adjustment resulting from acquision transactions:	2,995,110
Acquision net assets	41,599,608
Non-controlling interest (5%)	**2,079,980**

Transactions with non-controlling interests
There were no transactions with non-controlling interests during the year.
No dividends were paid to non-controlling interests during the year

46. LAND AND MINERAL RESERVES

Land and mineral reserves asset consist of the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition.

	GROUP		COMPANY	
Figures in TZS'000	**2024**	**2023**	**2024**	**2023**
At 01 January	-	-	-	-
Additions - acquisition	40,829,723	-	-	-
Less: Amortisation for the year	-	-	-	-
At 31 December	**40,829,723**	**-**	**-**	**-**

47. CLIMATE -RELATED MATTERS

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

The items and considerations that are most directly impacted by climate-related matters are:

- *Useful life of property, plant and equipment*
  When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.

- *Impairment of non-financial assets.*
  The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products. Even though the Group has concluded that no single climate-related assumption is a key assumption for the 2024 test of goodwill, the Group considered expectations for increased costs of emissions, increased demand for goods sold by the Group and cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts.

- *Fair value measurement.*
  For Land and mineral reserves, the Group considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The group believes it is not currently exposed to severe physical risks, but believes that investors, to some extent, would consider impacts of transition risks in their valuation, such as increasing requirements for diversification into low-carbon minerals.

- *Quarry site restoration liability.*
  The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of restoration of one of the Group's manufacturing facilities.

48. EVENTS AFTER THE REPORTING DATE

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

49. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors on the date shown on the statement of financial position on page 26. They are subject to approval by the shareholders during the Annual General Meeting.

COMPANY INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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