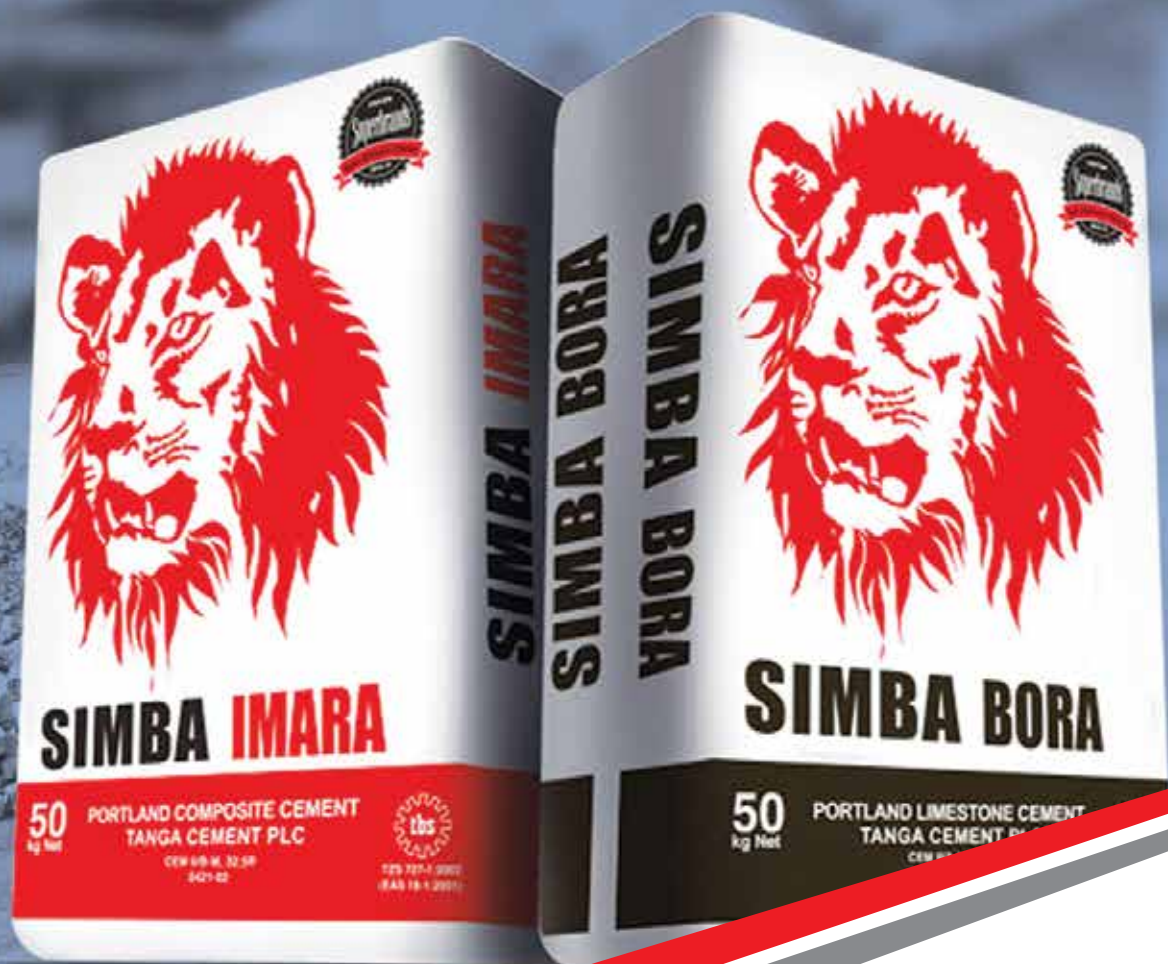


TANGA CEMENT PLC

ANNUAL REPORT

TAARIFA YA MWAKA

2015



SIMBA
CEMENT
STRENGTH WITHIN

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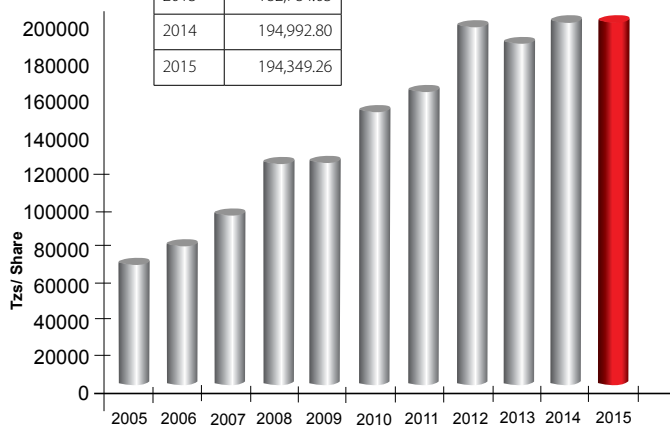
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Financial Summary

Dividend per share: 2014 : Tzs 110
2015 : Tzs 120

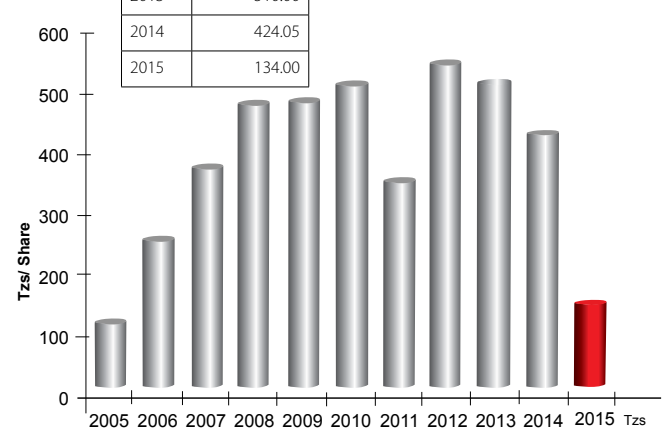
Year	Tzs Millions
2005	67,022.75
2006	77,626.65
2007	93,784.00
2008	121,349.00
2009	119,898.00
2010	149,181.00
2011	161,436.00
2012	195,604.00
2013	182,784.03
2014	194,992.80
2015	194,349.26

Revenue



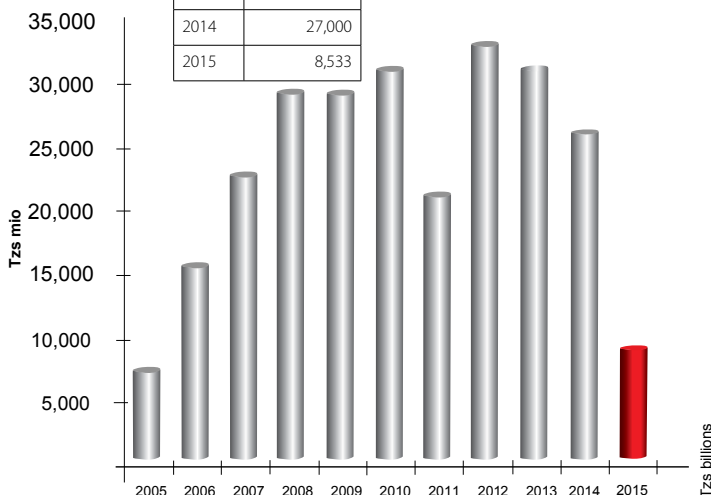
Year	Tzs
2005	113.60
2006	251.24
2007	370.51
2008	475.15
2009	477.77
2010	506.00
2011	344.00
2012	541.00
2013	510.00
2014	424.05
2015	134.00

Earning per share



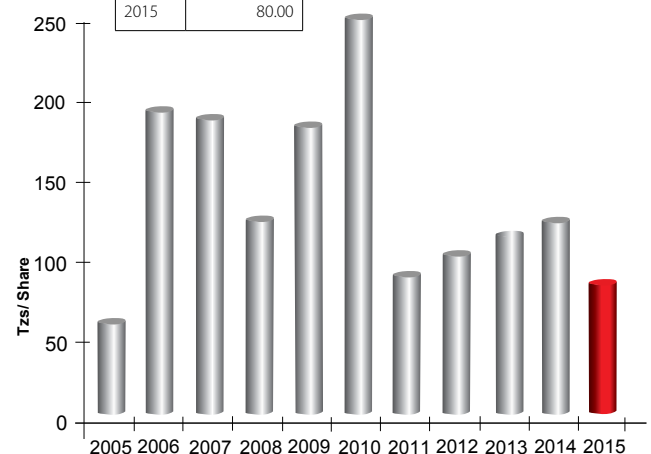
Year	Tzs Millions
2005	7,233
2006	15,997
2007	23,591
2008	30,253
2009	30,420
2010	32,194
2011	21,929
2012	34,450
2013	32,456
2014	27,000
2015	8,533

Profit after taxation



Year	Tzs
2005	57.00
2006	188.00
2007	185.00
2008	120.00
2009	179.00
2010	247.00
2011	86.00
2012	100.00
2013	110.00
2014	120.00
2015	80.00

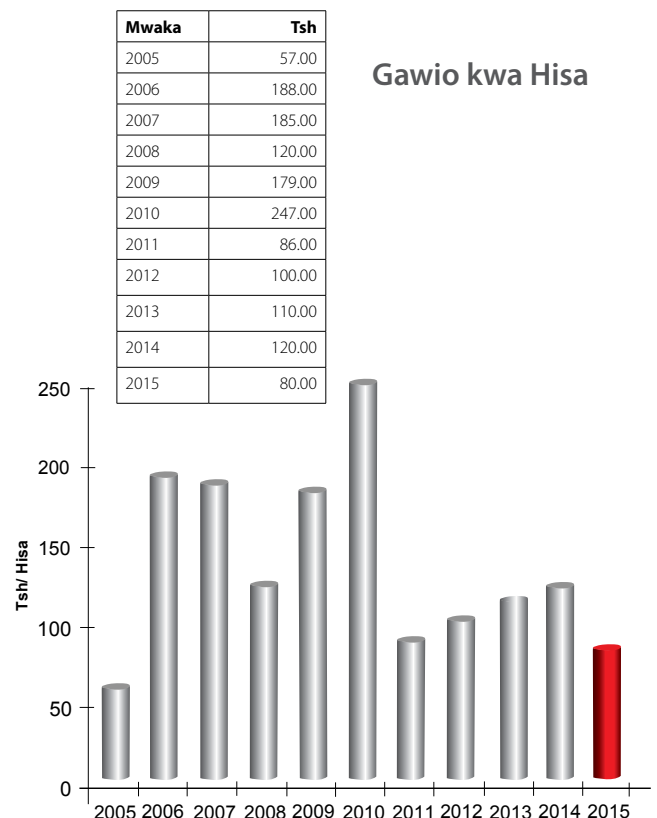
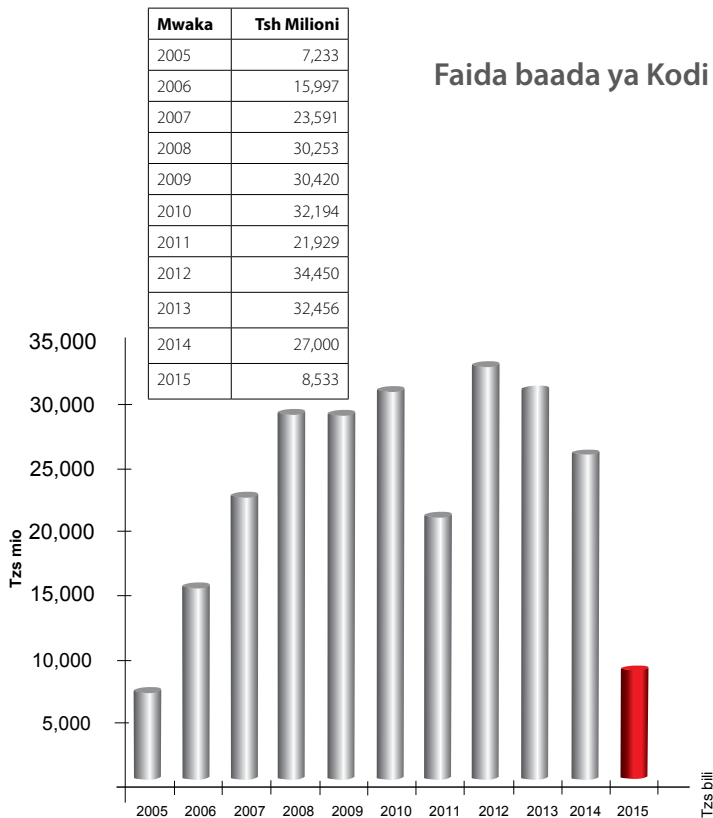
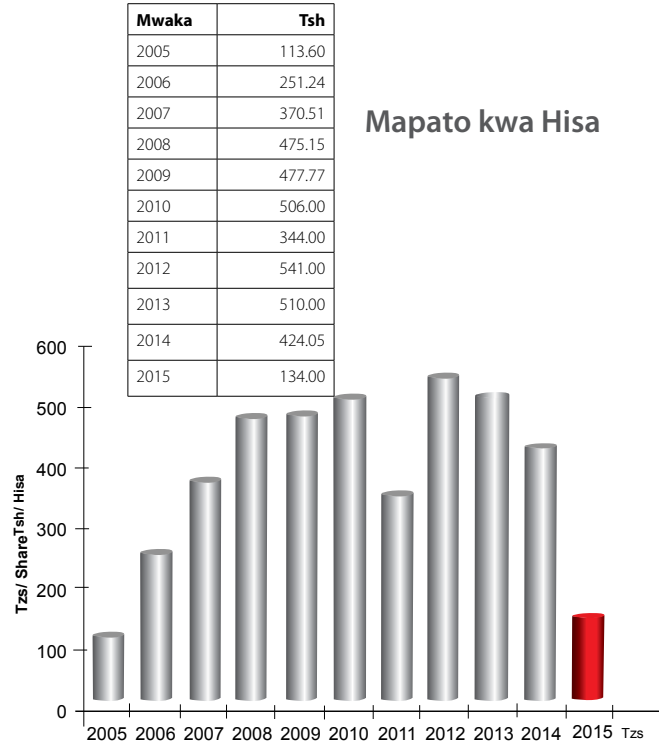
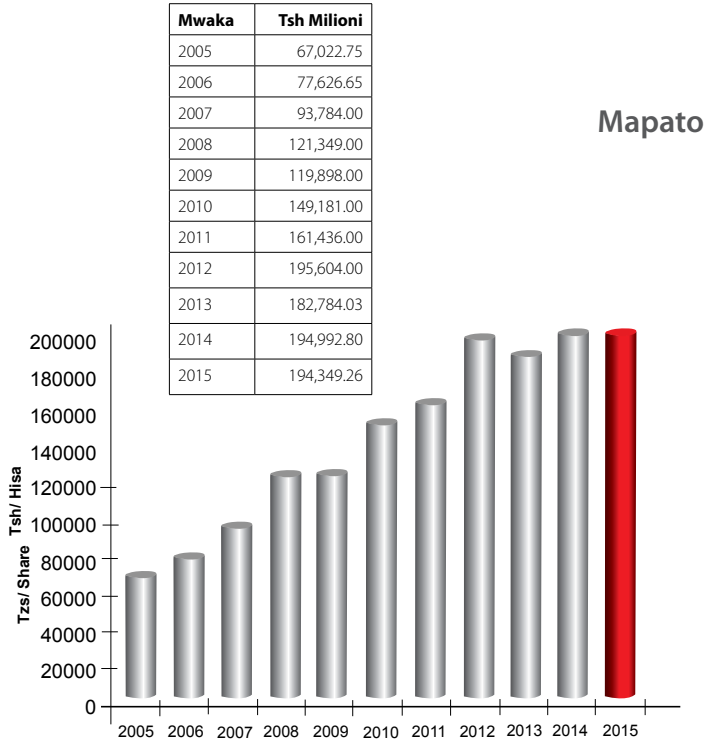
Dividend per share



STRENGTH WITHIN

Vidokezo Vya Mapato

Gawio kwa hisa: **2014 : Tzs 110**
2015 : Tzs 120



Directors' Profiles | Maelezo mafupi kuhusu Wakurugenzi

Tanga Cement is led by a competent Board of Directors, with extensive knowledge and experience from varied sectors.

Lawrence Masha (45)
Board Chairperson
Tanzanian

- LLM (International & Comparative Law),
- Lawrence is the managing partner of Gabriel and Co. Attorney at law,
- He has close to twenty years of experience of law specialized in Banking and finance,
- Was a founder and Managing Partner of IMMA Advocates from 2012 to 2015,
- Director of Fastjet Tanzania Limited
- Director of Newforest Tanzania Limited
- Former minister of energy and minerals and later on as the minister of home affairs 2000-2010
- Mr Masha was recognized as a Young Global Leader by the World Economic Forum in 2009



Reinhardt Swart (42)
Managing Director
South African

- Bsc.(Mechanical Engineering),
- Reinhardt has expert knowledge in the cement manufacturing industry,
- Held positions of Consultant in the Group Technical Services division of Holcim (Switzerland),
- Process Engineer, Process Performance Engineer and Maintenance Manager, culminating in his position as General Manager of AfriSam's Dudfield cement production facility, South Africa,
- Mr Swart held the position of General Manager before being seconded to Tanga Cement Public Limited Company to oversee the successful completion of the expansion project.



Mwenyekiti (45)
Mtanzania

- LLM (Kimataifa & Sheria Linganishi)
- Lawrence ni Mkurugenzi Mtendaji mwenza wa Gabriel and Co. Attorney at law,
- Ana uzoefu wa karibu miaka ishirini katika sheria na amebobea katika sheria za benki na fedha,
- Alikuwa Mkurugenzi Mtendaji Mwenza na mwanzilishi wa IMMA Advocates tangu mwaka 2012 mpaka 2015.
- Mkurugenzi wa Fastjet Tanzania Limited
- Mkurugenzi wa Newforest Tanzania Limited
- Waziri wa zamani wa nishati na madini na baadaye waziri wa mambo ya ndani 2000-2010
- Bw Masha alitambulika kama Kiongozi wa Dunia Kijana wakati wa Baraza la Uchumi la Dunia mwaka 2009.

Mkurugenzi mtendaji (42)
Mwafrika Kusini

- Bsc. (Mhandisi Mitambo),
- Reinhardt ni Mtaalam wa sekta ya saruji,
- Aliwahi kuwa mshauri wa kundi wa Huduma za Ufundi wa Holcim, Switzerland,
- Alikuwa Mhandisi wa mchakato, Mhandisi wa Utendaji na matengenezo, Meneja Mkuu wa kiwanda cha uzalishaji wa simenti cha AfriSam Dudfield, Afrika Kusini,
- Bw Swart alishika nafasi ya Meneja Mkuu kabla ya kuletwa Tanga Cement Plc kusimamia ufanikishaji wa ukamilishaji mradi wa upanuzi.

Maelezo mafupi kuhusu Wakurugenzi | Directors' Profiles

Khamis Omar (51) (Non-Executive)

Tanzanian

- Msc (Development Studies), PGD (Business Administration), Advanced Diploma (Tax Management),
- Khamis is the Principal Secretary President's Office - Finance, Economy and Development Planning in Zanzibar,
- Mr. Omar Serves on various boards including the Zanzibar Revenue Board, Bank of Tanzania and the Tanzania Revenue Authority.



Si-Mtendaji (51)

Mtanzania

- Msc (Mitaala ya Mendeleo), Advanced Diploma (Usimamizi wa Kodi), PGD (Utawala wa Biashara),
- Khamisi ni Katibu Mkuu Ofisi ya Rais – Fedha, Uchumi na Mipango ya Maendeleo, Zanzibar,
- Bw Omar ni mjumbe katika bodi mbalimbali ikiwemo ya Mapato Zanzibar, Benki kuu ya Tanzania na Mamlaka ya Mapato Tanzania.



Dr Stephan Olivier (56) Chief Executive Officer

South African

- BSc, BSc (Hons), MSc, PhD
- Dr Stephan is the Chief Executive Officer of AfriSam Group,
- He has held the position of Chief Operating Officer for the AfriSam Cement operations,
- He has served in various management positions within the organisation, including Director of Marketing and Technical Services.
- Dr Olivier has served on a number of industry bodies and committees.

Si-Mtendaji (56)

Mwafrika Kusini

- BSc, BSc (Hons), MSc, PhD
- Dk Stephan ni Afisa Mtendaji Mkuu wa AfriSam
- Amewahi kushika nyadhifa mbalimbali katika kampuni ya AfriSam ikiwemo cheo cha Mkuu wa uendeshaji wa AfriSam upande wa uzalishaji simenti,
- Amekuwahi kushika nyadhifa mbalimbali ndani ya kampuni ikiwemo ya Mkurugenzi wa Masoko na Huduma za Ufundi.
- Dk Olivier amekuwa kwenye vyombo na kamati mbalimbali ndani ya sekta.

Maelezo mafupi kuhusu Wakurugenzi | Directors' Profile

Trevor Wagner (68) (Non-Executive)

South African

CA (SA), MBL

- Trevor serves on a number of Boards as a Non-Executive Director, including Xuba Polymer Industries.
- He was previously Group Financial Director at the then Alpha Cement Group, which subsequently became AfriSam Group.
- He spearheaded a management buy-out of Alpha's Industrial Division.
- Was a shareholder and Deputy CEO of Idwala, responsible for finance, administration, human resources and business strategy.
- He held a number of positions in the then Alpha Cement Group.
- He started his career as an Audit Manager at PriceWaterhouseCoopers,
- Is the past Chairman of SAICA's Northern Region and a past member of SAICA's National Board.
- Mr Wagner also served as the Chairman of Idwala Provident Fund and is a Trustee of Trecar Trus



Leon Serfontein (41) (Non-Executive)

South African

- BCom, BCom (Hons) (Accounting & CTA), CA (SA)
- He is the Chief Financial Officer of the AfriSam group,
- Leon has been employed as a Financial Manager of AfriSam South Africa since July 2000,
- He is also a Director of AfriSam Group as well as various subsidiary companies within the AfriSam Group,
- Mr Serfontein is a member of the South African Institute of Chartered Accountants ("SAICA")



Si-Mtendaji (41)

Mwafrika Kusini

- BCom, BCom (Hons) (Accounting & CTA), CA (SA)
- Leon ameajiriwa na kampuni ya AfriSam ya Afrika Kusini kama meneja wa fedha kuanzia Julai 2000,
- Kwasasa ni Mkuu wa Fedha wa AfriSam ya Afrika Kusini,
- Pia ni Mkurugenzi wa Kundi la Makampuni ya AfriSam na kampuni zake tanzu mbalimbali
- Bw Serfontein mwanachama wa taasisi ya uhasibu ya Afrika Kusini (SAICA)

Si-Mtendaji (68)

Mwafrika Kusini

- CA(SA), MBL
- Trevor ni mkurugenzi asiye mtendaji wa makampuni mbalimbali ikiwa ni pamoja na Xuba Polymer Industries
- Awali alikuwa Mkurugenzi wa fedha wa Kampuni iliyojulikana kama Alpha Cement Group, ambayo baadaye ilibadilika na kuwa AfriSam.
- Alisimamia ununuaji wa kampuni ya Alpha upande ununuzi kiuongozi,
- Alikuwa ni mwanahisa na naibu mtendaji mkuu wa Idwala, anaye wajibika na fedha, utawala, rasilimali watu na mkakati wa biashara.
- Alishika nyadhifa mbalimbali katika kundi la makampuni ya Alpha Cement
- Ni mwenyekiti wa zamani wa SAICA ya mkoa wa Kaskazini na mkurugenzi wa zamani wa bodi ya Taifa ya SAICA ya Afrika Kusini.
- Bw. Wagner aliwahi kuwa mwenyekiti wa bodi ya Idwala Provident Fund na mdhamini wa mfuko wa Trecar.

STRENGTH WITHIN

Directors' Profile | Maelezo mafupi kuhusu Wakurugenzi



Patrick Rutabanzibwa, (60)
(Non-Executive)
Tanzanian

- B.A in Chemical Engineering,
- Patrick is the Country Chairman of PanAfrican Energy,
- Member of the Board of Directors for the National Housing Corporation (NHC),
- Mr Rutabanzibwa served as Principle Secretary for a number of ministries in the country inclusive of Ministry of Energy and Minerals, Ministry of Lands, Housing and Human Settlement Development, Ministry of Home Affairs and Ministry of Water.

Si-Mtendaji (60)
Mtanzania

- Shahada ya uhandisi kemikali,
- Ni mwenyekiti wa nchi wa PanAfrican energy na mkurugenzi wa bodi Shirika la Nyumba la Taifa (NHC).
- Bw. Rutabanzibwa alikuwa ni Katibu Mkuu wa wizara mbali mbali ikiwemo ya Nishati na Madini, Wizara ya ardhi, Nyumba na Maendeleo ya Makaazi, Wizara ya Mambo ya Ndani na pia Wizara ya Maji.



Quresh Ganijee (33)
Company Secretary
Tanzanian

- ICSA
- Quresh is currently the Company Secretary,
- He served on various positions such as Assistant Company secretary, Cost Accountant and Payroll Administrator,
- He is the registered member of ICSA International and National Board of Accountancy and Auditors,
- Mr Ganijee has 10 years' experience in financial sector.

Katibu wa Kampuni(33)
Mtanzania

- ICSA,
- Quresh ni Katibu wa Kampuni,
- Amewahi kushika nyadhifa mbali mbali kama vile, Katibu wa Kampuni Msaidizi, Mhasibu wa gharama na Msimamizi wa mambo ya mishahara,
- Bw Ganijee ana uzoefu wa miaka kumi katika tasnia ya fedha.



Pieter de Jager (45)
(Executive)
South African

- B.Comm Accounting;
- B.Compt (Hons)/CTA;
- MBA
- Pieter has over 20 years senior management experience including major listed companies in various sectors.
- He worked in senior financial management and executive positions in the
- Electrical Engineering, FMCG, Supply Chain, Freight Logistics ∓
- Warehousing- and the Mining sectors in various countries in Southern, Central and West Africa

- Was the Group CFO for the Jonah Capital Group (including Jonah Mining)
- Prior to joining Tanga Cement Plc, he has held the position of Group CFO and director of Andulela Investment Holdings Ltd (JSE listed)
- Mr de Jager has also had significant experience working with junior mining companies listed on the TSX and ASX..

Mtendaji (45)

Mwafrika Kusini

- Pieter ana uzoefu wa zaidi ya miaka 20 ya uongozi wa juu ikiwa ni pamoja na kwenye makampuni yaliyoko kwenye masoko ya hisa na sekta mbalimbali,
- Amefanyakazi katika ngazi za juu za uongozi wa masuala ya fedha na nafasi za kiutendaji kwenye makampuni yanayojishughulisha na masuala ya uhandisi wa wa umeme, FMCG, ugavi, uchukuzi shehena za mizigo na uhifadhi na pia sekta ya uchimbaji madini katika nchi mbali mbali zilizoko katika nchi za ukanda wa kusini, kati na magharibi ya Afrika.
- Alikuwa mkuu wa fedha wa kundi la makampuni ya Jonah Capital Group (ikijumuisha kampuni ya madini ya Jonah)
- Kabla hajajiunga na Tanga Cement Plc, alishika wadhifa wa mkuu wa masuala ya fedha wa Andulela Investment Holdings Ltd (iliyoorodheshwa JSE)
- Bw de Jager ana uzoefu wa kipekee wa kufanyakazi na makampuni madogo ya madini yaliyoko katika masoko ya hisa ya TSX na ASX.

Chairperson's Statement



Introduction

Tanga Cement Public Limited Company ended the 2015 financial year on a high note when the company started up its second kiln for the first time on the 4 December 2015 and produced the first clinker from the new kiln line on the 10 December 2015, in accordance with the original project plan.

This is a significant achievement for Tanga Cement Plc as the project was executed within the planned timeframe and without lost time injury. The project is also estimated to be concluded within the approved capex budget of United States Dollar One Hundred fifty two million (USD 152 m).

On behalf of the Board of Directors, I would like to use this opportunity to congratulate the Tanga Cement team together with the technical support provided by AfriSam. Your dedication to the project has confirmed the company's ability and expertise to successfully execute a project of such magnitude. An achievement we can be extremely proud of.

Market overview

Tanzania continues to enjoy relatively high levels of economic growth compared to other countries in Sub-Saharan Africa, which is underpinned by the increasing infrastructure development activity that supports economic growth.

The Tanzania cement market has grown at an annual rate exceeding ten percent (10%) over the past decade and an annual growth rate of at least eight percent (8%) is expected over the next five years. Due to the attractiveness of this market, we have seen a significant increase in competitors from three (3) producers in 2011 to six (6) producers in 2015. This number is expected to increase to eleven (11) producers by 2016. Imports from neighbouring East African countries as well as the Middle East also contribute towards cement supply currently exceeding demand in this market. This has resulted in an extremely competitive environment, placing significant downward pressure on prices.

While the situation in Tanzania has become very competitive, many opportunities still exist and Tanga Cement Plc remains well positioned to take advantage of these to ensure its sustainability and prosperity going forward.

Financial and Operational Overview

The increase in new entrants and imports in 2015 impacted Tanga Cement Plc's ability to achieve its budgeted sales volumes. This together with the downward pressure on cement prices are reflected in the company's financial performance.

“In line with its dividend policy the company declared an interim dividend totalling Tzs 3.50 billion (2014: Tzs 3.49 billion) being Tzs 55 per share (2014: Tzs 55 per share).”

Improving operational efficiencies and containing production costs continues to be a major focus for the company. We experienced some set-backs in terms of overall equipment efficiencies and some unplanned equipment failures during the year. The unavailability and poor quality of electricity supply from the national utility remains a major challenge for equipment efficiency which resulted in the importing of more expensive clinker which negatively impacted on the cost of production of cement. This will no longer be required after the commissioning of the second kiln. Improvement of the equipment efficiency will continue to be a significant focus area during 2016.

During 2015 the Group experienced a decline in sales revenue of nine point nine percent (9.9%) due to increased competition from new entrants to the market which put downward pressure on sales prices and volumes.

At a macroeconomic level we witnessed a significant devaluation of the Tanzania shilling to the US Dollar in excess of twenty percent (20%).

The Group accounted for realised and unrealised losses on foreign exchange amounting to Tanzania shillings nine point nine seven (Tzs 9.97 bn) billion (2014: Tzs 3.65 bn gain).

The Group achieved a net profit for the year of Tanzania shillings eight point two four (Tzs 8.24 bn) billion (2014: Tzs 28.40 bn) .

Our Brand

Tanga Cement Plc, under its brand name, Simba Cement, introduced a campaign in 2015 to reinvigorate its brand and to communicate its new brand proposition – ‘STRENGTH WITHIN’ to the market. This new brand positioning statement is not only reflective of the quality of Simba Cement, but is testament to the greatness of the Tanzanian people and what we are able to achieve. This has been a very successful initiative and won Simba Cement the status of ‘Super Brand’ in the East African region.

Sustainability

Safety remains our priority and 2015 was no different. We undertake to return each employee home safely at the end of each shift with the utmost care. We posted a positive safety performance during 2015 and recorded a Lost Time Injury Frequency Rate of zero point six nine (0.69) for the year. This is a significant achievement taking to account of the large scale construction activities and numerous contractors on site during the construction of the second kiln line.

Our environmental performance has remained on track, with the critical emissions below the legal limit on a monthly average basis throughout the year.

Tanga Cement Plc continued to support the local communities by focusing on the four main Corporate Social Investment areas of Education, Health, Community development and Environment.

Future Outlook

We expect market conditions to remain challenging in the coming year, but management is confident that our initiatives will yield positive financial returns. A number of critical infrastructure projects have been approved by the Tanzanian Government funded by both sovereign foreign direct investments and private investors, and these are most likely to increase demand for our products.

Tanga Cement Plc has been producing cement for the people of Tanzania for nearly forty (40) years and we are proud of the contribution we have made to the development of Tanzania. I look forward to Tanga Cement Plc’s continued journey in providing the consistent superior quality cement that our country depends on to build an everlasting legacy.

Dividends

In line with its dividend policy the company declared an interim dividend totalling Tanzania shillings three point five zero (Tzs 3.50 bn) billion (2014: Tzs 3.49 bn) billion being Tanzania shillings fifty five (Tzs 55) per share (2014: Tzs 55 per share). The company declared a final dividend for 2015 of Tanzania shillings twenty five (Tzs 25) per share on Tanzania shillings five point one (Tzs 5.1 bn) billion for the financial year under review.

Conclusion

On behalf of the Board Directors, I would like to thank the employees of Tanga Cement Plc for the passion they have for the company and their commitment to ensuring its success.

We look forward to celebrating many successes together in 2016.



Advocate Lau Masha
Chairperson of the Board

Waraka wa Mwenyekiti



Utangulizi

Tanga Cement Public Limited Company ilimaliza mwaka wa kifedha wa 2015 kwa kumbukumbu nzuri ambapo kampuni ilianzisha tanuru yake ya pili kwa mara ya kwanza tarehe 4 Disemba 2015 na kuzalisha klinka ya kwanza kutoka kwenye tanuru hili tarehe 10 Disemba 2015, kwa mujibu wa mpango wa awali wa mradi.

Hili ni fanikio kubwa kwa Tanga Cement Plc ambapo mradi ulikamilika ndani ya muda uliopangwa na bila kusababisha upotevu wa muda kutokana na watu kuumia. Inakadiriwa kuwa mradi utakamilika kwa kutumia bajeti ya Dola za kimarekani milioni mia moja hamsini na mbili (US\$152 mili) iliyoidhinishwa awali kwaajili ya mradi.

Kwa niaba ya Bodi ya Wakurugenzi, napenda kutumia fursa hii kuipongeza timu ya Tanga Cement pamoja na msaada wa kiufundi uliotolewa na AfriSam. Kujitoa kwenu katika mradi huu kumethibitisha uwezo wa kampuni na utaalamu ulioleta mafanikio ya kutekeleza mradi huu mkubwa. Mafanikio ambayo tunaweza kujivunia sana.

Mtazamo Wakiuchumi

Tanzania inaendelea kufurahia kiasi cha juu cha ukuaji wa uchumi ikilinganishwa na nchi nyingine za Afrika zilizoko katika ukanda wa Jangwa la Sahara, ambao unasababishwa na kuongezeka kwa shughuli za maendeleo ya miundo mbinu ambazo zinasaidia ukuaji wa uchumi.

Soko la simenti Tanzania limekua kwa kiwango kinachozidi asilimia kumi (10%) katika muongo mmoja uliopita na kiwango cha ukuaji kwa mwaka kinatarajiwa kuwa asilimia nane (8%) kwa kipindi cha miaka mitano. Kutokana na mvuto wa huu wa soko, tumeshuhudia ongezeko kubwa la washindani kutoka wazalishaji wa tatu (3) mwaka 2011 mpaka wazalishaji sita (6) mwaka 2015. Idadi hii inatarajiwa kuongezeka kufikia wazalishaji kumi na moja (11) ifikapo mwaka 2016. Uingizwaji wa bidhaa kutoka nchi jirani za Afrika Mashariki pamoja na Mashariki ya Kati pia kumechangia uwepo wa simenti kwa kiwango cha juu sana ikilinganishwa na mahitaji katika soko hili. Hii imesababisha mazingira ya ushindani sana, na kuweka shinikizo kubwa la ushukaji wa bei.

Wakati hali nchini Tanzania imekuwa ya ushindani sana, fursa nyingi bado zipo na Tanga Cement Plc bado inajiweka kwenye nafasi nzuri ya kufaidika na hizi fursa ili kuhakikisha uendelevu wake na kuendelea kustawi.

“Sambamba na sera yake ya magawio kampuni alitangaza gawio la muda jumla Tsh 3.50 bilioni (2014: shilingi 3.49 bilioni) kuwa shilingi 55 kwa kila hisa (2014: Tsh 55 kwa kila hisa).”

Ufanisi wa Kifedha na Kiutendaji

Uboreshaji ufanisi wa kiutendaji pamoja na kudhibiti gharama za uzalishaji utaendelea kuwa lengo kuu la kampuni. Tumekutana na vipingamizi tofauti tofauti upande wa ufanisi wa mitambo kwa ujumla na mitambo kushindwa kufanya kazi bila kutarajia katika kipindi cha mwaka husika. Kutokupatikana kwa umeme na usambazaji wa umeme usio bora kutoka shirika la ugavi wa umeme la taifa vimeendelea kuwa changamoto kwa upande wa ufanisi wa mitambo ambavyo vimesababisha uagizaji toka nje wa klinka ambayo ni ghali na inaathiri gharama zetu za uzalishaji wa simenti. Hali hii ya kuagiza klinka toka nje haitojirudia tena baada ya kuzindua tanuru ya pili. Uboreshaji wa ufanisi wa mitambo utaendelea kuwa lengo kuu kwa mwaka 2016.

Mwaka 2015 kampuni (kundi) liliathiriwa na kushuka kwa mapato ya mauzo kwa asilimia tisa nukta tisa (9.9%) kutokana na kuongezeka kwa ushindani kutoka kwa wazalishaji wapya sokoni ambao umesababisha shinikizo la ushushaji bei ya bidhaa na kushuka kwa kiwango cha mauzo. Kwa upande wa kiwango cha uchumi mkuu tumeshuhudia kushuka kwa thamani ya shilingi ya kitanzania ikilinganishwa na dola ya kimarekani kwa zaidi ya asilimia ishirini (20%).

Kampuni (kundi) limepata hasara iliyotambuliwa na isiyotambuliwa katika ubadilishaji wa fedha za kigeni iliyofikia kiasi cha shilingi za kitanzania bilioni tisa nukta tisa saba (Tsh 9.97 bili) ambapo mwaka 2014 ilipata ongezeko la shilingi za kitanzania bilioni tatu nukta sita tano (2014 : Tzs 3.65 bili).

Chapa yetu

Tanga Cement Plc, chini ya jina la chapa yake, Simba Simenti, ilianzisha kampeni mwaka 2015 ili kuimarisha chapa yake sokoni na kuipa nguvu chapa ya bidhaa zake katika kauli mpya – ‘STRENGTH WITHIN’. Kauli hii mpya iliyowasilishwa sokoni lengo lake sio kuakisi ubora wa Simba Simenti tu, lakini ni ushahidi wa ukuu wa watu wa Tanzania na kile ambacho tunaweza kukipata. Jambo hili limekuwa la mafanikio makubwa sana na kuiwezesha Simba Simenti kushinda hadhi ya ubora ya ‘Super Brand’ katika eneo la ujenzi kwa kanda ya Afrika Mashariki.

Uendelevu

Usalama bado ni kipaumbele chetu na mwaka 2015 haukuwa wa tofauti. Tulihakikisha tunamrudisha kila mfanyakazi nyumbani kwa usalama kila baada ya muda wa kazi kwa uangalifu mkubwa. Tumeweka rekodi chanya ya ufanisi kwa upande wa usalama mwaka 2015 na kumbukumbu za mzunguko wa muda uliopotea kutokana na madhara ya kiusalama kwa kiwango cha sufuri nukta sita tisa (0.69) kwa mwaka. Haya ni mafanikio makubwa ikizingatiwa na shughuli kubwa za ujenzi na makandarasi mbalimbali kwenye eneo letu wakati wa ujenzi wa tanuru ya pili.

Ufanisi wetu upande wa mazingira umebaki kuwa juu kama inavyotakiwa, kukiwa na uzalishaji mdogo wa vumbi ulio chini ya kikomo kisheria na juu ya wastani tuliojiwekea kwa kila mwezi kwa misingi kwa mwaka mzima. Tanga Cement Plc iliendelea kusaidia jamii kwa kulenga maeneo manne makuu ya Uwekezaji Kijamii kwenye Elimu, Afya, Maendeleo ya Jamii na Mazingira.

Matarajio ya Baadaye

Tunatarajia hali ya soko kubaki changamoto katika mwaka ujao, lakini uongozi una uhakika kwamba mipango yetu italeta matokeo chanya ya kifedha. Idadi ya miradi ya miundombinu muhimu imepitishwa na Serikali ya Tanzania na kufadhiliwa kwa pamoja na uwekezaji huru wa kigeni wa moja kwa moja na wawekezaji binafsi, na haya yanaweza kuongeza mahitaji ya bidhaa zetu. Tanga Cement Plc imekuwa ikizalisha simenti kwa ajili ya wananchi wa Tanzania kwa karibu miaka arobaini (40) na tunayo fahari ya mchango tulioutoa kwa maendeleo ya Tanzania. Natarajia Tanga Cement Plc itaendelea na safari ya kuzalisha simenti yenye ubora thabiti kwa nchi yetu kwaajili ya kujenga urithi wa milele.

Gawio

Sambamba na sera yake ya magawio, kampuni ilitangaza gawio la muda la jumla ya shilingi za kitanzania bilioni tatu nukta tano sifuri (Tsh 3.50 bili) (2014: shilingi 3.49 bili) ambazo ni shilingi hamsini na tano (Tsh 55) kwa kila hisa (2014: Tsh 55 kwa kila hisa). Kampuni imetangaza gawio la mwisho kwa mwaka 2015 la shilingi za kitanzania ishirini na tano (Tsh 25) kwa kila hisa. Hii inafanya gawio kamili la mwaka kuwa shilingi za kitanzania themanini (Tsh 80) kwa kila hisa au shilingi za kitanzania bilioni tano nukta moja (Tsh 5.1bili) kwa mwaka wa mapitio ya fedha.

Hitimisho

Kwa niaba ya Bodi ya Wakurugenzi, napenda kuwashukuru wafanyakazi wa Tanga Cement Plc kwa shauku waliyonayo kwa kampuni na dhamira yao ya kuhakikisha mafanikio yake. Tunatarajia kuadhimisha mafanikio mengi pamoja mwaka 2016.



Wakili Lau Masha

Mwenyekiti wa bodi

Managing Director's Report

It gives me great pleasure to address our esteemed shareholders once again as we review the performance of Tanga Cement Public Limited Company in for the full year ended 31 December, 2015.

The year presented operational dynamics that offered vital lessons to our progress going forward. 2015 saw the entry of new competitive products in the market which resulted in downward pressure on our sales prices and volumes. Sales were further compressed by external factors such as increased electricity supply interruptions and frequent power dips which caused significant operational challenges such as premature kiln refractory lining failure. As a result the Company saw sales revenue for the 12 month period ended 31 December 2015 decrease by nine point nine (9.9%) per cent compared to the same period in 2014.

To address the instability owing to power failures, the company resolved to purchasing more expensive clinker from abroad. The purchased clinker while initially increasing the cost of production, ensured uninterrupted cement supply to the market which supports the long term return on investment. In spite of a seemingly challenging environment, we were able to revamp operations and successfully started final commissioning tests of the new kiln line (TK2) project within the committed deadlines to date. The Tanga team lit the flame on the new kiln on the 4 December 2015 as promised to shareholders and are currently in the final commissioning handover stages of the line as planned and agreed. It is important to note that not only have we started the kiln within the agreed time, but we are also well below the budgeted project cost. The new kiln more than doubles Tanga Cement Plc's production capacity through this capital investment in the United Republic of Tanzania. The new installed clinker production capacity has increased to one point two five (1.25m) million tonnes per annum.

Tanga Cement Plc was able to record an operating profit of nineteen point nine billion (Tzs 19.9bn) Tanzania shillings compared to thirty nine point eight billion (Tzs 39.8bn) Tanzania shillings in the previous year and net profit after tax of Tanzania shillings eight point two billion (Tzs 8.2bn), outperforming the forecasts of a full year loss, based on the trading results of the first half of 2015. This was achieved by the extraordinary efforts of Tanga Cement Plc's management team implementing various measures which resulted in a positive Tanzania shillings nineteen point nine billion (Tzs 19.9bn) operating profit reported for Financial year 2015.

“The local cement market is anticipated to grow at eight percent (8%) with a large number of projects being undertaken by the Tanzanian Government”

Furthermore, Tanga Cement Plc was able to pay out an interim dividend of Tanzania shillings fifty five (Tzs 55) per share or Tanzania shillings three point five zero (Tzs 3.50 bn) billion, and has declared a final dividend of Tanzania shillings twenty five (Tzs 25) per share. This brings the full year dividend to Tanzania shillings eighty (Tzs 80) per share or Tanzania shillings five point one (Tzs 5.1bn) billion for the financial year under review. The dividend pay-out is a reinforcement of management's belief in the operational fundamentals and financial position of the company, while recognising the value invested in it by our shareholders to create a sustainable business. It is this value that we as the management of Tanga Cement Plc will seek to grow and enhance in delivering our improved service proposition in 2016.

Implementation of our world class Corporate Social Responsibility Mission allows us to unconditionally support communities throughout the country. While our main focus areas include education and health by developing social infrastructures we are also reaching out to flood victims and children in need.

During the period under review, Tanga Cement Plc won the 2015/2016 Super Brand title in the construction industry category of Super Brand East Africa, within the East African Community. This accolade is a recognition of work done by the management and employees of Tanga Cement Plc in their consistency to ensure superior performance to our customers as well as the provision of superior quality products.

Strategic Priorities going forward

The local cement market is anticipated to grow at eight percent (8%) with a large number of projects being undertaken by the Tanzanian Government. With the new Tanga Kiln two (TK2) coming on line in 2016, Tanga Cement Plc will be well positioned to address the growth in demand as well as the challenges brought by new competitors in the market. With a significantly lower cost base, the Tanga Kiln two (TK2) allows us to sell our premium products at market friendly rates without infringing on our financial outlook.

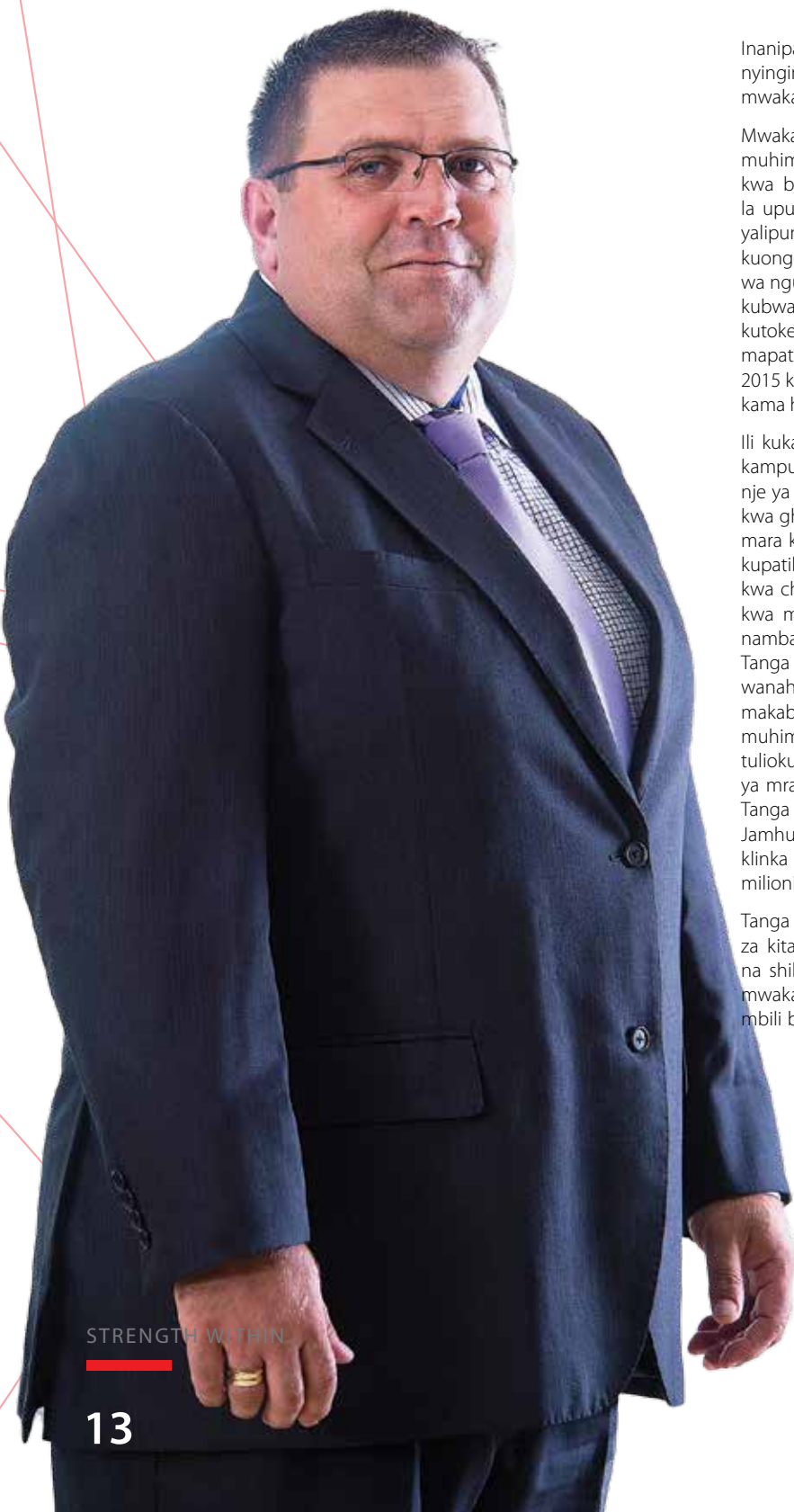
Drawing lessons from 2015, the management of Tanga Cement Plc has also adopted new go to market strategies which will help us to restore our market share in the coming years and regain the top line growth we have enjoyed in the past.

The company brought on board Mr Pieter de Jager as the new CFO after the departure of Mr David Lee, whose contract came to an end. Mr de Jager has extensive experience in various listed and unlisted junior mining companies throughout the African continent. He was previously the CFO of a JSE listed mining and manufacturing company and has significant experience in corporate finance and mergers & acquisitions. We intend to leverage off his expertise and experience for sound financial controls and decision making towards delivery of Tanga Cement Plc promise of sustainable business practices to maximise returns for our shareholders. The addition of Mr. de Jager to Tanga Cement Plc's management team contributed significantly to the company's improved results from the latter half of 2015 going forward.



Reinhardt Swart
Managing Director

Taarifa ya Mkurugenzi Mtendaji



Inanipa furaha kubwa kuwaeleza wanahisa wetu watukufu kuwa kwa mara nyingine tena tumehakiki utendaji wa Tanga Cement Plc kwa kipindi cha mwaka mzima ilioishia tarehe 31 Disemba 2015.

Mwaka ulionesha mienendo ya uendeshaji ambayo imetoa fundisho muhimu kwetu kwaajili ya kuendelea mbele. 2015 ilishuhudia kuingia kwa bidhaa shindani mpya katika soko ambazo zilisababisha shinikizo la upunguzaji wa bei ya bidhaa zetu na kupungua kwa mauzo. Mauzo yalipunguzwa zaidi na sababu zilizokuwa nje ya uwezo wetu kama vile kuongezeka ukatikaji wa mara kwa mara wa ugavi wa umeme na upunguaji wa nguvu ya umeme mara kwa mara ambavyo vilisababisha changamoto kubwa za kiuendeshaji kama vile uharibikaji wa matofali ya ndani ya tanuru kutokea kabla ya muda wake kufika. Matokeo yake kampuni ilishuhudia mapato ya mauzo kwa kipindi cha miezi 12 kilichoishia tarehe 31 Desemba 2015 kupungua kwa asilimia tisa nukta tisa (9.9%) ikilinganishwa na kipindi kama hicho mwaka 2014.

Ili kukabiliana na kuyumba kutokana na tatizo la kukatika kwa umeme, kampuni ilitatua tatizo hili kwa kufanya ununuzi wa klinka ghali kutoka nje ya nchi. Wakati klinka iliyonunuliwa toka nje ikisababisha kuongezeka kwa gharama za uzalishaji, wakati huo huo ilihakikisha kukatika mara kwa mara kwa ugavi wa umeme hakuathiri soko la simenti ambalo linasaidia kupatikana kwa pato la uwekezaji wa muda mrefu kurudi. Licha ya kuwepo kwa changamoto za kimazingira, tuliweza kufufua shughuli za kiutendaji kwa mafanikio na tukaweza kuzindua majaribio ya mradi wa tanuru mpya namba mbili (Kiln 2 – TK2) ndani ya muda na tarehe ilivyopangwa. Timu ya Tanga iliwasha tanuru mpya tarehe 4 Desemba 2015 kama tulivyowaahidi wanahisa na kwa sasa liko katika hatua za mwisho za uzinduzi wa makabidhiano ya tanuru hilo kama ilivyopangwa na kukubaliana. Ni muhimu kutambua kwamba si tu kuwa tulianzisha tanuru ndani ya muda tuliokubaliana, bali pia ni kwa kiwango kizuri cha chini ya gharama ya bajeti ya mradi huo. Tanuru mpya inaongeza zaidi ya mara mbili ya uwezo wa Tanga Cement Plc wa uzalishaji wa klinka kupitia uwekezaji huu katika Jamhuri ya Muungano ya Tanzania. Kiwango hiki kipya cha uzalishaji wa klinka kilichosimikwa kimeongeza kiwango cha uzalishaji kufikia tani milioni moja nukta mbili tano (1.25 mili) kwa mwaka.

Tanga Cement Plc iliweza kurekodi faida ya uendeshaji kiasi cha shilingi za kitanzania kumi na tisa nukta tisa bilioni (Tsh19.9bili) ikilinganishwa na shilingi za kitanzania thelathini na tisa nukta tisa bilioni (Tsh39.8bili) mwaka uliopita na faida baada ya kodi ya shilingi za kitanzania nane nukta mbili bilioni (Tsh 8.2bili), ikishinda hasara ya mwaka mzima iliyokadiriwa,

“Soko la ndani saruji linatazamiwa kukua kwa asilimia nane (8%) likiwa na idadi kubwa ya miradi inayofanywa na Serikali ya Tanzania”

kutokana na matokeo ya biashara ya nusu ya kwanza ya mwaka 2015. Hii ilifanikiwa kutokana na juhudi ya ajabu ya timu ya uongozi ya Tanga Cement Plc kutekeleza hatua mbalimbali ambazo zilisababisha matokeo chanya ya faida ya uendeshaji ya shilingi za kitanzania bilioni kumi na tisa nukta tisa (Tsh 19.9bili) ilyoripotiwa kwa mwaka wa kifedha wa 2015.

Aidha, Tanga Cement Plc iliweza kulipa gawio la kipindi cha mpito la shilingi za kitanzania hamsini na tano (Tsh55) kwa kila hisa au shilingi za kitanzania bilioni tatu nukta tano sufuri (Tsh3.50bili), na imetangaza gawio la mwisho wa shilingi za kitanzania ishirini na tano (Tsh25) kwa kila hisa. Hii inafanya gawio kamili la mwaka kuwa shilingi za kitanzania themanini (Tsh80) kwa kila hisa au shilingi za kitanzania bilioni tano nukta moja (Tsh5.1bili) kwa mwaka wa mapitio ya fedha. Malipo ya mgao ni uimarishaji wa imani ya uongozi katika misingi ya uendeshaji na hali ya kifedha ya kampuni, wakati thamani ya uwekezaji wa wanahisa wetu ikitambulika kujenga biashara endelevu. Ni thamani hii ambayo sisi kama uongozi wa Tanga Cement Plc itatufanya tutake kukua na kuzidisha uboreshaji wa utoaji wa huduma mwaka 2016.

Utekelezaji wa dhamira yetu ya kuisaidia jamii yenye kiwango cha dunia inaturuhusu kuzisaidia jamii bila masharti nchini kote. Wakati lengo kuu likiwa ni pamoja na elimu na afya kwa kuendeleza miundombinu ya kijamii, pia tunawasaidia wahanga wa mafuriko na watoto wenye mahitaji.

Katika kipindi hiki, Tanga Cement Plc ilishinda tuzo ya Super Brand 2015/2016 katika sekta ya ujenzi, kundi la Super Brand Afrika Mashariki, ndani ya Jumuiya ya Afrika Mashariki. Heshima hii ni utambuzi wa kazi iliyofanywa na uongozi na wafanyakazi wa Tanga Cement Plc katika msimamo wao wa kuhakikisha utendaji bora kwa wateja wetu pamoja na utoaji wa bidhaa yenye ubora wa hali ya juu.

Mkakati wa Vipaumbele vya Kuendelea

Soko la ndani la simenti linatazamiwa kukua kwa asilimia nane (8%) likiwa na idadi kubwa ya miradi inayofanywa na Serikali ya Tanzania. Pamoja na tanuru mpya ya pili (TK2) kuanza kazi mwaka 2016, Tanga Cement Plc itakuwa katika nafasi nzuri ya kushughulikia ukuaji wa mahitaji pamoja na

changamoto ziletwazo na washindani wapya katika soko. Pamoja na msingi wa gharama za chini, TK2 inaturuhusu kuuza bidhaa zetu za kiwango cha juu katika soko la viwango rafiki bila kukiuka mtazamo wetu wa kifedha.

Jambo la kujifunza kwa mwaka 2015, uongozi wa Tanga Cement Plc umeweka azimio jipya kwaajili ya mikakati ya soko ambalo litatusaidia kurejesha hisa yetu ya soko katika miaka ijayo na kuturejesha kiasi cha juu cha ukuaji ambacho tumekuwa tukikifurahia katika siku za nyuma.

Kampuni imemuajiri Bw Pieter de Jager kama Afisa Mkuu wa Fedha (CFO) mpya baada ya kuondoka kwa Bw David Lee, ambaye mkataba wake ulifikia mwisho. Bw de Jager ana uzoefu mkubwa katika makampuni mbalimbali yaliyo sajiliwa katika masoko ya hisa ya makampuni madogo ya uchimbaji madini katika bara la Afrika. Awali alikuwa Afisa mkuu wa fedha (CFO) wa kampuni ya madini na viwanda yaliyoajiliwa katika soko dogo la hisa na ana uzoefu mkubwa wa masuala ya kifedha ya makampuni na masuala ya upatikanaji na uunganishaji wa makampuni. Tuna nia ya kutumia utaalamu na uzoefu wake kwa ajili ya kuwa na udhibiti mzuri wa fedha na maamuzi ya kuelekea utekelezaji ahadi ya Tanga Cement Plc ya mbinu bora ya ufanyaji biashara endelevu kwa kuongeza pato kwa wanahisa wetu. Ongezeko la bwana de Jager kwenye timu ya uongozi ya Tanga Cement Plc umechangia kwa kiasi kikubwa kwa kampuni kupata matokeo bora katika nusu ya mwisho wa mwaka 2015 kuendelea.



Reinhardt Swart
Mkurugenzi Mtendaji

Corporate Social Investment

In line with our CSR Mission and Policy statement, we aim to continue to be a company that is trusted by Tanzanian society by sharing our profit with the community. Tanga Cement Public Limited is working closely with local authorities to identify communities that are in need of support. The supports have always been provided whenever resources are available.

Tanga Cement Plc's core corporate social investment areas remain; Education, Health, Community development and Environment. However, in 2015 we included humanitarian aid by supporting the floods victims in Kahama, when torrential rainfalls resulted in floods that caused loss of people's lives and homes.

Our CSR program is one of the most successful and transparent program in the country and we are proud that Tanga Cement Plc is a good corporate citizen.

The following are a few of the initiatives we supported in 2015:

1. Kahama district Authority

Various items like foods, clothes and stationeries for the schools were donated for the floods victims at Mwakata village in Kahama district, Shinyanga region, whereby forty (40) people died and eighty two (82) were severely injured when a downpour accompanied by strong winds hit the village, damaged houses, crops and affected livestock. The calamity left more than one hundred (100) families with no houses.

2. Friends of Serengeti

This is one of the oldest NGO that the company has been supporting for many years. In 2015 the Tanga Cement Plc donated five hundred (500) bags of cement for environmental conversation at the Serengeti and Tarangire National parks.

3. Kange Primary School

The school is in Tanga region and is among the schools that are close to our operations. During the year, the company constructed a block of two classrooms to reduce shortage of leaning infrastructure that the school was facing. This is in-line with the move to support the Tanzanian Government initiative of providing quality education in proper environment.

4. Pongwe ward authority

The company donated cement for construction of ward dispensary at Kismatui village in the Pongwe ward, Tanga region. A total of four hundred (400) bags of cement were donated to construct the very first village dispensary.

5. Casa Dela Orphanage

The company supported this orphanage by donating one hundred and ten (110) bags of cement. The cement was used to construct toilets and repairing of the classes for this centre that takes care of the orphans in Tanga region.

6. Mzumbe Secondary School

Mzumbe Secondary is one of the oldest secondary schools in Tanzania. Due to its age, most of the schools infrastructures are not in good condition. The company donated six hundred bags (600) of cement to support the school to repair the infrastructure.

7. TAMPRO

This is the association of professionals that deals with providing support in solving educational challenges. Tanga Cement Plc donated total of two hundred (200) bags of cement to this NGO for construction of girls' dormitory in Tanga as this was one of the challenges that was identified by this association.



Uwekezaji wa Kijamii wa Kampuni

Kulingana na dhamira na sera yetu ya uwekezaji kwa jamii, tuna nia ya kuendelea kuwa kampuni inayoaminiwa na jamii ya kitanzania kwa kugawana faida na jamii. Kampuni inafanyakazi kwa ukaribu na uongozi kwa maeneo husika ili kuweza kutambua jamii zinazohitaji misaada. Misaada imekuwa ikitolewa wakati wote rasilimali zinapo kuwepo.

Lengo kuu la uwekezaji wa kijamii kwa Tanga Cement Plc ni katika maeneo makuu manne ya Elimu, Afya, Mazingira na maendeleo ya jamii. Lakini kwa mwaka 2015 tuliongeza eneo jingine ambalo ni misaada ya kibinadamu kwa kuwasaidia wahanga wa mafuriko Kahama ambapo mvua kubwa sana ilisababisha mafuriko ambayo yalileta kupotea kwa maisha ya watu na uharibifu wa makazi.

Programu yetu ya uwekezaji kwa jamii ni kati ya programu zenye mafanikio makubwa na ya uwazi hapa nchini na tunayo fahari kwamba Tanga Cement Plc ni raia mzuri.

Ifuatayo ni baadhi ya miradi tuliyosaidia kwa mwaka 2015:

1. Halmashauri ya Wilaya ya Kahama

Vitu mbalimbali vikiwemo vyakula, nguo na vifaa kwajili ya shule vilitolewa kwa waathirika wa mafuriko katika kijiji cha Mwakata, wilaya ya Kahama, mkoa wa Shinyanga ambapo watu arobaini (40) walifariki na wengine themanini na mbili (82) kujeruhiwa vibaya kutokana na mvua kali iliyoambatana na upepo vilivyokikumba kijiji hicho na kuharibu nyumba, mazao na pia mifugo. Mvua hiyo ilileta uharibifu wa mazao, nyumba pamoja na mifugo. Dhoruba hii iliacha jumla ya familia mia moja (100) bila makazi.

2. Friends of Serengeti

Hii ni moja kati ya taasisi ya zamani sana zisizo za kiserikali ambazo kampuni imekuwa ikiisaidia kwa muda mrefu. Mwaka 2015, kampuni ilichangia jumla ya mifuko ya simenti mia tano (500) kwa ajili ya kuhifadhi mazingira katika hifadhi za wanyama za Serengeti na Tarangire.

3. Shule ya Msingi Kange

Shule hii ipo katika mkoa wa Tanga na ni moja wapo ya shule ambazo ziko karibu sana na kiwanda chetu. Kampuni ya Tanga Cement Plc iliweza kujenga madarasa mawili ili kuweza kupunguza uhaba wa madarasa uliokuwa unaikabili shule hii. Msaada huu unaendana na mpango wa Serikali ya Tanzania ya kutoa elimu bora katika mazingira mazuri.

4. Mamlaka ya Kata Pongwe

Kampuni ilitoa msaada wa simenti kwa ajili ya ujenzi wa zahanati ya kijiji cha Kismatui kilichopo eneo la Pongwe. Jumla ya mifuko mia nne (400) ya simenti ilitolewa kwaajili ya ujenzi huo. Zahanati hii itakuwa ya kwanza katika kijiji hiki.

5. Kituo cha Watoto yatima cha Casa Dela

Kampuni ilitoa msaada wa mifuko mia moja na kumu ya simenti kwa ajili ya ujenzi wa vyoo pamoja na ukarabati wa madarasa katika kituo hiki cha kulea watoto yatima kilichopa mkoni Tanga.

6. Shule ya Sekondari Mzumbe

Shule ya Sekondari ya Mzumbe ni kati ya shule kongwe za sekondari hapa nchini. Kutokana na uchakavu wa miundombinu, Tanga Cement Plc ilitoa msaada wa mifuko mia sita (600) ya simenti kwa ajili ya ukarabati wa miundombinu katika shule hiyo iliyoko mkoani Morogoro.

7. TAMPRO

Hii ni taasisi ya wataalam ambayo inajishughulisha na masuala ya kusaidia kutatua changamoto za elimu. Kampuni ya Tanga Cement Plc ilitoa msaada wa mifuko mia mbili (200) ya simenti kwa ajili ya kusaidia ujenzi wa mabweni ya wanafunzi wa kike katika mkoa wa Tanga, ambapo hii ni moja ya changamoto iliyoonekana na taasisi hii.



Corporate Social Responsibility (CSR)

Mission & Policy Statement

Our actions today mould the future

CSR Mission

As part of our commitment to sustainable development, we at Tanga Cement Company Limited recognize our social responsibilities and aim to visibly play a leading role within the company's spheres of influence*.

CSR Policy Statement

We are committed to work with all our stakeholders, building and maintaining relations of mutual respect and trust. We aim to contribute and improve the quality of life of our workforce, their families and the communities around our operations. Our focus areas for social investments are health, education, community development and environment.

The CSR policy statement is an important element of our business and serves as guidance for our decisions and actions. The elaboration of the policy is based on the input of internal and external stakeholders and focuses on areas within our local spheres of influence*.

Tanga Cement Company's CSI policy is to invest upto 1% of its profit before tax to specific and pre-defined projects, associations and charities. Defined areas for corporate social investments are:

Health:

Health is key to productivity and development. Tanzania does not have enough health care infrastructure to cater to its increasing population. The HIV/AIDS scourge has affected the country's development progress and reduced the population in the active age group. Tanga Cement Company is focused on the support of construction of health facilities in the regions we operate within Tanzania.

Education:

Tanga Cement Company Limited is particularly focused on education because as employers we want to contribute to increasing the talent pool from which we recruit whilst simultaneously benefiting the economy and society as a whole. A good formal education however, must be given in the furnished classroom and our involvement is in the construction of the required infrastructure as determined by the communities in the regions in which we operate in Tanzania.

Community Development:

Tanga Cement Company Limited supports community based initiatives that lead to income generation for the communities within the regions we operate in Tanzania. This involves defined support of specific orphanages, particularly those with children orphaned because of HIV/AIDS as well as those infected with the virus.

Environment:

Tanga Cement Company Limited supports community initiatives that lead to conservation and rehabilitation of the environment. This involves support of specific conservation and environmental rehabilitation projects.

* Spheres of influence is defined as investments and activities within defined focus areas in regions where Tanga Cement Company Limited operates.

This policy is subject to regular re-evaluation and revision based on stakeholder involvement and consultation.

Issued by		Revision Number	02 A
	Board Chairman Lau Masha	Date	October 2014





**SIMBA
CEMENT**
STRENGTH WITHIN



**Hatubweteki kushinda
tuzo, tunazidi kuboresha**
Sementi superbrand unayoiamini
katika muonekano mpya



Safety and Environment Usalama na Mazingira

- Safety remains a high priority in 2015. Our safety performance in 2015 were good and our TRIFR for the year remained below two against a target of five point one two (5.12) with a LTIFR achievement of less than zero point two (0.2) against a target of two (2).
- In December 2015 Tasga cement Plc managed to achieved a 4 star rating from NOSA System grading audit. We unfortunately had two Lost Time Injuries (one contractor and one employee) in June 2015 involved cyclone unblocking. Proper investigation conducted and learning's identified for future improvement and control.
- On the environmental a more positive note of performance achieved. We have promoted trees planting initiatives by providing communities with more than eighteen thousand, four hundred fifty thousand (18450) seedlings and planted into our site more than twenty thousand (20000) trees covering thirty (30) hectares. Still a challenge on the water consumption as it remains high for the last quarter of the year.



- Kwaujumla utendaji wetu kwa mwaka 2015 ulikuwa mzuri. Tumeweza kupata nyota nne (4) kwenye ukaguzi wa mfumo wa usalama wa mwaka. Tulipata ajali ya wafanyakazi wawili kuumia wakiwa kazini.
- Kwa upande wa Mazingira, kulikua na utendaji mzuri zaidi. Tumewezesha jitihada za upandaji miti kwa kutoa miche ya miti isiyopungua elfu kumi na nane, mia nne hamsini (18450) na tumepanda miti zaidi ya elfu ishirini (20000) katika eneo letu lenye ukubwa wa hekta thelathini (30). Bado pia kuna changamoto ya matumizi ya maji kwani mwishoni mwa robo ya nne ya mwaka bado matumizi yalikua makubwa



Occupational Health And Safety Policy

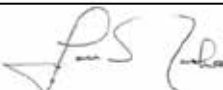
My Safety Is Our Safety

Policy

Tanga Cement Company Limited is passionate about people and their health and safety. Our objective is ZERO harm. We therefore accept the following:

Objectives

1. We accept OHS as an integral part of our competitive advantage where all stakeholders understand the relationship between profitability and OHS.
2. We commit to prevention of injury and ill health and the continual improvement of our systems and performance which provides a framework for setting and reviewing OHS objectives and targets.
3. We will achieve the highest levels of health and safety through active and competent risk management and the establishment of sound work practices.
4. We comply with all legislation and with other requirements where applicable.
5. We commit to train, develop, provide experience and skills to ensure our workforce acknowledges, understands and manages hazards and risks associated with their work.
6. Our equipment shall be maintained to the highest standards and all changes to equipment or processes shall be subject to a risk-based change management approach.
7. We openly engage and communicate with all interested and affected parties
8. We report all incidents, analyse root causes and search for best practices
9. We shall review this policy regularly to ensure relevance and appropriateness
10. This policy shall be made available to all interested and affected parties.

Issued by		Revision Number	02
	Board Chairman Lau Masha	Date	October 2013



“Simba’s high quality cement products have made a **significant contribution to various infrastructural developments in East African countries for quite long time now.**”

Quality | Ubora

SIMBA CEMENT PRODUCTS

Simba’s high quality cement products have made a significant contribution to various infrastructural developments in East African countries for quite long time now.

Our cement is used in construction of houses, schools, roads, bridges, dams, and other essential facilities for local communities.

Simba brand cement is manufactured through a process that is carefully designed and controlled by a team of dedicated professionals. The performance of our cement is constantly monitored to maintain the highest standards of quality, consistence and strength.

This was achieved through constantly reviewing and improving our production processes to ensure optimal efficiency, with the lowest possible impact on product quality and the environment.

Products

Simba cement is manufactured in accordance to Tanzania cement standards TZS 721-1:2002 which is equivalent to European Norm Standard EN 197-1:2000 and East African Standard EAS 18-1:2001

We manufacture two types of cement products which are uniquely developed for different applications:

SIMBA BORA [CEM II/A-L, 42.5N]

CEM II/A-L, 42.5 N is Portland Limestone cement with limestone additive, it is a high strength class cement and can be used to constructions such as:

- Structures, structural and nonstructural cast constructions
- Reinforced concrete for: foundations, columns, beams, slabs, girdles, bearing walls etc.
- Precast elements made of normal and reinforced concrete- Concrete used for repairs in civil and industrial works, fillings, coating etc of reinforced and non-reinforced elements
- Special floor screeds and mortars

SIMBA IMARA (CEM II/B-M 32.5 R)

CEM II/B-M, 32.5 R is Portland composite cement with Pozzolana additive. It is an ordinary strength & an all purpose class cement and can be used to constructions such as:

- Structural and non-structural cast, foundations, columns, beams, walls, girdles, paving slabs, kerbs, interlocking pavement slabs, bricks etc.
- Elements made of normal and reinforced concrete in environments with low and moderate aggressiveness
- Elements made of reinforced concrete, in environments with low carbon aggressiveness and sulphate activity
- Mortars for filling the joints between precast elements
- Mortars for special flooring etc.

BIDHAA ZA CHAPA YA SIMBA SEMENTI

Bidhaa za Simba simenti ni zenye ubora wa hali juu ambazo zimetoea mchango mkubwa katika ujenzi wa miundombinu mbalimbali katika nchi za Afrika Mashiriki kwa muda sasa.

Bidhaa zetu za simenti zimetumika katika ujenzi wa nyumba, shule, barabara, madaraja, mabwawa na vitu vingine muhimu katika jamii yetu.

Bidhaa za Simba simenti zinazalishwa kwa kutumia mfumo ulioundwa kwa umakini na kudhibitiwa na wataalamu.

Utendaji wa bidhaa zetu za simenti unafatiliwa kwa umakini kwaajili ya kudumisha ubora wa hali ya juu, nguvu na uthabiti wa bidhaa zetu.

Haya yamewezekana kutokana na ufatiliaji wa mara kwa mara na uboreshaji wa mfumo wa uzalishaji ili kuhakikisha ufanisi uliobora, wenye athari ya chini kabisa kwenye ubora wa bidhaa na mazingira.

Bidhaa

Bidhaa za Simba simenti zinazalishwa kwa kuzingatia ubora wa simenti wa Tanzania yani TZS 721-1:2002 ambao ni sawa na ubora wa simenti wa Ulaya EN 197-1:2000 na ubora simenti wa Afrika Mashariki EAS 18-1:2001.

Tunazalisha aina mbili za bidhaa za simenti ambazo zimetengenezwa kipekee kwa matumizi tofauti;

SIMBA BORA [CEM II/A-L, 42.5N]

CEM II/A-L 42,5N ni aina ya simenti ya nchi kavu yenye chokaa ya nyongeza, ni simenti yenye nguvu ya hali ya juu na inaweza kutumika katika ujenzi wa vitu mbalimbali kama;

- Muundo, mfumo sawa na usio sawa wa jengo.
- Zege la Kushinika kwa ajili ya misingi, nguzo, mihimili, ukanda, ubamba, kuta za kushikilia misingi, n.k.
- Elementi zilizoundwa kwa kawaida na uimarishaji halisi, zinazotumika katika matengenezo ya kazi za viwanda, kuhifadhi nyaraka, nk.
- Sakafu maalumu yenye ufito na mota.

SIMBA IMARA (11/B-M, 32.5R)

32.5 R ni aina ya simenti iliyo na nyongeza ya pozolana.

- Ni simenti yenye nguvu ya kawaida itumikayo kwa lengo maalumu na inaweza kutumika kwenye ujenzi kama vile;
- Miundo na miundo isiyo ya kutupwa, misingi, nguzo, mihimili, kuta, mishipi, ukingo wa barabara, ubamba wa jiwe, vipande vya mawe vilivyofungamana, matofali etc.
- Elementi zinazoundwa na uimarishaji halisi, kwenye mazingira yenye uchochezi wa wastani na chini.
- Mota kwa ajili ya kujaza viungo vya kati ya elementi
- Mchanganyiko maalum kwa ajili ya usakafishaji maalumu.

Quality Policy

Striving for Excellence

Policy

The core business of Tanga Cement Public Limited Company is the manufacturing and selling of cement products to our customers. We will consistently provide product and services in line with the requirements of our customers. This quality policy will guide behaviour that aims to develop, implement and maintain a culture of customer satisfaction. To achieve this, the following policy objectives have been defined:

Objectives

- Management will provide employees with adequate resources in order to achieve the stated objectives.
- Compliance with the requirements of the ISO 9001 quality management system standard and the product requirements of the TZS727:2002 and EAS 18-1:2001.
- Identify customer requirements, plan their realisation and measure our success in meeting them.
- Set specific quality objectives appropriate to the activities of our business units. Measure the progress and review the achievement thereof.
- Audit and continually improve the effectiveness of the documented quality management system.
- Increase quality awareness throughout the organisation by using the company communication systems
- Striving for Excellence to communicate the quality policy to all stakeholders.
- Agree on key performance indicators for all employees, which are directed towards quality performance, personal growth and business goals.
- Share achievement of business performance with employees, shareholders and customers.
- Employees will assist management in the execution of this policy by reporting non-conformities that have an impact on the quality of products and services.

This policy will be reviewed on a periodic basis to ensure that it is best suited to realising the business goals of Tanga Cement Public Limited Company.

Issued by		Revision Number	06
	Board Chairman Lau Masha	Date	April 2015



Value Added Statement

Waraka wa Ongezeko la Thamani

for the year ended 31 December 2015

	2015		2014	
	Tzs '000'	%	Tzs '000'	%
Value Added				
Gross Turnover	194,349,261		194,992,804	
Other Income	216,918		434,322	
Other operating expenditure	(148,463,569)		-122,958,031	
	46,102,610	100	72,469,095	100
Revenue				
To Employees	19,242,885	41.7	18,594,052	25.7
To Government-Corporate Income Tax	340,889	0.7	14,990,373	20.7
To Shareholders-Dividend	7,640,525	16.6	7,311,170	10.1
To Lending Institutions	1,441,548	3.13	68,217	0.1
To Expansion and Growth				
-Depreciation	5,863,938	12.7	4,944,357	6.8
-Asset Impaired	3,039,667	6.6	6,872,398	9.5
-Retained Income	8,533,157	18.5	19,688,528	27.2
	46,102,610	100	72,469,095	100

Kwa mwaka ulioisha tarehe 31 Desemba 2015

	2015		2014	
	Tzs '000'	%	Tzs '000'	%
Thamani iliyoongezwa				
Pato Ghafi	194,349,261		194,992,804	
Mapato Mengineyo	216,918		434,322	
Matumizi mengine ya uendeshaji	(148,463,569)		-122,958,031	
	46,102,610	100	72,469,095	100
Mapato				
Kwa Wafanyakazi	19,242,885	41.7	18,594,052	25.7
Kwa Serikali - Kodi ya mapato ya Kampuni	340,889	0.7	14,990,373	20.7
Gawio kwa Wanahisa	7,640,525	16.6	7,311,170	10.1
Kwenda taasisi za ukopeshaaji	1,441,548	3.13	68,217	0.1
Kwa Taasisi za Ukopeshaaji				
- Uchakavu	5,863,938	12.7	4,944,357	6.8
- Mali iliyoshuka thamani	3,039,667	6.6	6,872,398	9.5
- Mapato yaliyobakizwa	8,533,157	18.5	19,688,528	27.2
	46,102,610	100	72,469,095	100

General Information



**SIMBA
CEMENT**
STRENGTH WITHIN

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Tanga Cement Public Limited Company
Pongwe Factory Area
P O Box 5053
Tanga

COMPANY SECRETARY

Mr Quresh Ganijee
Tanga Cement Public Limited Company
Pongwe Factory Area
P O Box 5053
Tanga

AUDITORS

Ernst & Young
4th Floor, Tanhouse Tower, New Bagamoyo rd
P O Box 2475
Dar es Salaam

LEGAL ADVISORS

Rex Attorneys
Rex House, 145 Magore Street, Upanga
P O Box 7495
Dar es Salaam

TAX ADVISORS

PricewaterhouseCoopers
369 Toure Drive, Oysterbay
P O Box 45
Dar es Salaam

BANKERS AND FINANCIAL INSTITUTIONS

NBC Tanzania Limited
P O Box 5031
Tanga

Citibank Tanzania Limited
P O Box 71625
Dar es Salaam

Standard Chartered Bank Tanzania Limited
P O Box 9011
Dar es Salaam

Stanbic Bank Tanzania Limited
P O Box 72647
Dar es Salaam

Government Employees Pension Fund (GEPF)
41 Matroosberg, Ashley Gardens
Extension 6, Menlo Park
Pretoria, South Africa

Board of Directors

1 **L Masha - Chairman (Non-executive)**
Mwenyekiti (Si-Mtendaji)

2 **T Wagner - (Non-Executive)**
(Si Mtendaji)

3 **Dr S Olivier- (Non-Executive)**
(Si Mtendaji)

4 **Q Ganjee - Company Secretary**
Katibu wa Kampuni



Bodi ya Wakurugenzi

5
8

Mr P Rutabanzibwa - (Non-Executive)
(Si Mtendaji)

6
9

R Swart - Managing Director
Mkurugenzi Mtendaji

7

K Omar - (Non-Executive)
(Si Mtendaji)

P de Jager - (Executive)
(Mtendaji)

L Serfontein - (Non-Executive)
(Si Mtendaji)



Report of the Directors

The directors present their report and the audited consolidated and separate financial statements for the financial year ended 31 December 2015 which disclose the state of affairs of Tanga Cement Public Limited Company (the Company or TCPLC) and its subsidiary, Cement Distributors (EA) 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. GROUP'S VISION

To be Eastern Africa's preferred cement manufacturer and distributor.

3. GROUP'S MISSION

To develop, produce and distribute consistently high quality cement and related products and services in a sustainable manner to satisfy our customers' expectations.

4. PRINCIPAL ACTIVITIES

The principal activities of the Group during the year continued to be manufacturing, distribution and sale of cement and clinker.

5. COMPOSITION OF THE BOARD OF DIRECTORS

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

Name	Position	Age	Nationality
Mr L. Masha*	Chairperson	45	Tanzanian
Mr R. Swart	Managing Director	42	South African
Dr S. Olivier#	Director	56	South African
Mr K. Omar*	Director	50	Tanzanian
Mr L. Serfontein#	Director	41	South African
Mr T. Wagner	Director	68	South African
Mr. P. Rutabanzibwa*	Director	59	Tanzanian
Mr. P. de Jager	Director	44	South African

[# Non-executive *Independent Non-executive]

The Company Secretary during the year ended 31 December 2015 was Mr Q. Ganijee (Tanzanian), 33 years old.

The Board of Directors met four times during the year.

6. CORPORATE GOVERNANCE

Code of Corporate Practice and Conduct

Tanga Cement Public Limited Company is committed to the principles of good corporate governance and the Board is of the opinion that the Group currently complies with the principles.

The Board of Directors

The composition of the Board of Tanga Cement Public Limited Company is eight directors. One director who served during the year had resigned by year-end but the position is to be filled. Apart from the Managing Director and Chief Financial Officer, no other directors hold executive positions in the Group. The Board takes overall responsibility for the Group, including responsibility for identifying key risk areas, considering and

“... committed to the principles of effective corporate governance and the Board is of the opinion that the Group currently complies with the principles of good Corporate Governance.”

business plans. The Board is also responsible for ensuring that a comprehensive internal control system is effectively maintained for compliance with Good Corporate Governance principles.business plans. The Board is also responsible for ensuring that a comprehensive internal control system is effectively maintained for compliance with Good Corporate Governance principles.business plans. The Board is also responsible for ensuring that a comprehensive internal control system is effectively maintained for compliance with Good Corporate Governance principles.business plans. The Board is also responsible for ensuring that a comprehensive internal control system is effectively maintained for compliance with Good Corporate Governance principles.for compliance with sound corporate governance principles.

The Board is chaired by the Chairman who has no executive functions. The roles of the Chairman and Managing Director are separate, with each having set responsibilities.

The Board is confident that its members have the knowledge, talent and experience to lead the Group. The majority of the non-executive directors are independent from management and the Group. With their depth of experience, they add value to Board deliberations.

The Board is required to meet at least four times per year. The Board delegates the day-to-day management of the business to the Managing Director, assisted by the senior management team. The senior management is invited to attend Board meetings and facilitates the effective communication and control over all of the Group's operational activities, acting as a medium of co-ordination between the Board and the various business units.

All directors have access to the Company Secretary and his services and may seek independent professional advice if necessary. It is the Group's philosophy to manage and control its business on a decentralised basis. Senior management meets on a monthly basis to review the results, operations, key financial indicators and business strategies of the Group. Board meetings are held quarterly to deliberate the results of the Group.

Performance evaluation and reward

Details of the remuneration of directors are disclosed in Note 32 to the consolidated financial statements. The Group utilises the results of market surveys to ensure market related salaries are paid and that market trends are followed in terms of changes in benefits, while taking into account the value of the employee's contribution to the Group. A portion of the incentive remuneration of all managerial staff, especially senior management, is linked to the financial performance of their respective business units and of the Group as a whole.

Risk management and internal control

The Board accepts final responsibility for the risk management and internal control system of the Group. It is the task of management to ensure that adequate internal financial and operational controls are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding the operational effectiveness and efficiency of:

- The effectiveness and efficiency of operations;
- The safeguarding of the Group's assets (including information);

- Compliance with the applicable laws, regulations and supervisory requirements;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance by staff with such measures. Consequently, even a strict and efficient internal control system can provide no more than a reasonable measure of assurance in respect of the above mentioned objective.

The Board assessed the internal control system throughout the financial year ended 31 December 2015 and is of the opinion that it is at an acceptable level.

Ethical behaviour

The Group's Code of Conduct governs all its activities, internal relations and interactions with stakeholders in accordance with its ethical values. All staff are expected to maintain the highest level of integrity and honesty in dealing with customers, suppliers, service providers and colleagues.

Compliance with the Code of Conduct is the ultimate responsibility of the Managing Director and the Company Secretary, with day-to-day monitoring delegated to line management.

The code is supplemented by the Group's responsibility philosophy as well as its employment practices and its occupational health and safety controls.

Business ethics and organisational integrity

The Group's Code of Conduct commits it to the highest standards of integrity, conduct and ethics in its dealings with all parties concerned, including its directors, managers, employees, customers, suppliers, competitors, investors, shareholders and the public in general. The directors and staff are expected to fulfil their ethical obligations in such a way that the business is run strictly according to fair and competitive commercial practices.

Principal risks and uncertainties

The principal risks that may significantly affect the Group's strategies and development are mainly operational, fraud and financial risks as described below:

Fraud risk

The Group could incur losses resulting from fraudulent transactions, but controls are in place designed to mitigate this risk.

Operational risk

This is a risk resulting from the Group's activities not being conducted in accordance with formally recognised procedures.

Financial risk

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combinations of risks. More details of the financial risks facing the Group and Company are provided in Note 35 to the consolidated financial statements.

Financial reporting and auditing

The directors accept final responsibility for the preparation of the consolidated and separate financial statements which fairly represent:

- The financial position of the Group and Company as at the end of the year under review;
- The financial results of operations; and
- The cash flows for that period.

The responsibility for compiling the consolidated and separate financial statements was delegated to senior management.

The external auditors have examined and reported on whether the consolidated and separate financial statements are fairly presented.

The directors are satisfied that during the year under review

- Adequate accounting records were maintained;
- An effective system of internal control and risk management was maintained and monitored by management;
- Appropriate accounting policies, supported by reasonable and prudent judgements and estimates, were used consistently; and
- The consolidated and separate financial statements were compiled in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Tanzanian Companies Act, 2002.

The directors are also satisfied that no events occurred subsequent to the year-end up to the date of this report which could have a material effect on the results of the Group or its subsidiaries.

The directors are of the opinion that the Group has sufficient resources and commitments at its disposal to operate the business for the foreseeable future. The consolidated and separate financial statements have been prepared on a going concern basis.

The Group is committed to the principles of Good Corporate Governance. The directors also recognise the importance of integrity, transparency and accountability. During the year, the Board of Tanga Cement Public Limited Company was supported by the following sub-committees to which it delegated some of its functions to ensure a high standard of corporate governance throughout the Group:

monitoring investment decisions, considering significant financial matters and reviewing the performance of management against budgets and

Audit, Risk and Compliance Committee

Name	Nationality	Qualification
1. Mr T. Wagner (Chairman)	South African	CA (SA), MBL (Unisa)
2. Mr K. Omar	Tanzanian	MSc. Development studies
3. Mr L. Serfontein	South African	B. Comm (Acc), CA (SA)
4. Mr L. Masha	Tanzanian	LLB (Hons), LLM
5. Mr H. Kitilya	Tanzanian	BA (Hons), M. Acc. (Resigned Dec 2015)

The Audit, Risk and Compliance Committee, which comprises of non-executive directors, reports to the Board of Directors and met four times during the year.

Remuneration and Nomination Committee

Name	Nationality	Qualification
1. Dr S. Olivier (Chairman)	South African	Ph. D Biochemistry
2. Mr H. Kitilya	Tanzanian	BA (Hons), M. Acc. (Resigned Dec 2015)
3. Mr L. Masha	Tanzanian	LLB (Hons), LLM
4. Mr P. Rutabanzibwa	Tanzanian	B. Chemical Engineering

The Remuneration and Nomination Committee, which comprises of non-executive directors, reports to the Board of Directors and met four times during the year.

7. REMUNERATION POLICIES

The Group has formal processes and procedures in place for determining remuneration paid to its directors. Management normally prepares

a proposal of fees and other emoluments paid to directors after having conducted a market survey and consulted with the parent company before forwarding the same to the Annual General Meeting (AGM) for final approval.

8. CAPITAL STRUCTURE

The Company's capital structure for the year under review is shown below:

Authorised

63,671,045 Ordinary shares of TZS 20 each (2014: 63,671,045 Ordinary shares of TZS 20 each).

Issued up and fully paid

63,671,045 Ordinary shares of TZS 20 each (2014: 63,671,045 Ordinary shares of TZS 20 each).

Details of the capital structure have been disclosed under Note 25 to the consolidated financial statements.

9. MANAGEMENT

The Management of the Company is led by the Managing Director and is organised in the following functions:

- Financial;
- Plant Management;
- Commercial, Sales and Marketing;
- Risk, Occupation Health, Safety and Environment;
- Human Resources and Administration; and
- Project Management

10. KEY MANAGEMENT PERSONNEL OF THE GROUP

The key management personnel who served the Company during the year ended 31 December 2015 were:

Mr R. Swart	Managing Director
Mr P. De Jager	Chief Financial Officer
Mr B. Lema	Plant Manager
Mr L. Breedt	Risk, Occupational Health, Safety and Environment Manager
Mr M. Roos	Commercial Manager
Mrs D. Malambugi	Human Resources Manager
Mr J. Myburgh	Project Manager

11. DIRECTORS' REMUNERATION

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

	Amount in Tzs
Chairman of the Board of Directors	38,845,200
Other directors	136,426,160

Executive directors' remuneration for the Group and the Company was TZS 966 million (2014: TZS 961 million).

12. SHAREHOLDERS OF THE COMPANY

The top ten shareholders at 31 December 2015 were:

	2015	2014
AfriSam (Mauritius) Investment Holdings Limited	68.3%	66.6%
SCBT Nominees SCB Consumer Banking Re Mr. Aunali F. Rajabali and Mr. Sajjad F. Rajabali	2.7%	5.0%
Public Service Pension Fund	2.4%	2.4%
National Social Security Fund	1.8%	1.8%
Social Action Trust Fund	1.8%	1.8%
Parastatal Pension Fund	1.3%	1.3%
The Trustees of Tanga Cement Plc Employees' Share Scheme	0.8%	0.8%

BNYM SA NV AS Custodian or Trustee	0.5%	0.5%
Government Employees Provident Fund	0.4%	0.4%
The Local Authorities Pensions Fund	0.4%	0.4%

Member summary as at 31 December:

	Number of Members	2015 Number of Shares	Number of Members	2014 Number of Shares
1-1,000	9,248	3,056,412	9,270	3,089,705
1,001 - 5,000	1,282	3,554,602	1,304	3,612,661
5,001-10,000	370	2,276,756	369	2,267,306
10,000 plus	131	11,278,872	129	12,296,970
AfriSam (Mauritius) Investment Limited	1	43,504,403	1	42,404,403
Total	11,032	63,671,045	11,073	63,671,045

No Director held any ordinary shares in the Company.

13. STOCK EXCHANGE LISTING INFORMATION

On 26 September 2002, the Company listed on the Dar es Salaam Stock Exchange (DSE) through an Initial Public Offering (IPO) at a price of TZS 360 per share. The Company's market capitalisation on 31 December 2015 was TZS 170 billion (2014: TZS 286.5 billion). Total turnover of the Company's shares traded on the DSE for the year ended 31 December 2015 was TZS 18.8 billion (2014: TZS 30.5 billion). The average traded price of the Company's shares for the year was TZS 3,723 per share (2014: TZS 3,393) and the share price on 31 December 2015 was TZS 2,670 per share.

14. PERFORMANCE FOR THE YEAR**Financial Performance**

During 2015, the Group experienced a decline in top line revenue of 9.9% due to increased competition from new entrants to the market which put downward pressure on sales prices and volumes.

External factors such as increased electricity supply interruptions and frequent power dips from the national utility caused significant operational challenges like premature kiln refractory lining failures.

In the macroeconomic environment, the Group witnessed a significant devaluation of the Tanzanian shilling to the US Dollar in excess of 20%. The above factors contributed to the need to import more expensive clinker, which negatively impacted on the cost of production of cement. Increase in interest rates on overdraft facilities attributed to the increase in finance costs to TZS 1.4 billion for the current year from TZS 138 million in 2014. The Group accounted for realised and unrealised losses on foreign exchange amounting to TZS 9.97 billion (2014: gain of TZS 3.65 billion).

The full year financial results are further detailed in the statement of profit or loss and other comprehensive income as well as the statement of cash flows in the consolidated and separate financial statements.

Financial Position

The ongoing capital asset construction of the Kiln 2 production line during the 2015 year was the main contributing factor to the increase in total assets by 48% from TZS 317 billion to TZS 470 billion. The Company continued to carry a financial asset resulting from the interest rate cap contract entered into with Standard Chartered Bank to mitigate volatility of the interest rate on the term loans (refer to Note 20 of the consolidated financial statements).

During the year, the principle amount of the Company's interest bearing borrowings increased to TZS 197.4 billion (2014: TZS 48.9 billion) resulting from further drawdowns on the term loan from the Government Employees Pension Fund (GEPF) of South Africa for the Kiln 2 expansion project (refer to Notes 27 and 34 of the consolidated financial statements).

Capital structure

The balance between equity and debt during the year under review was as follows:

	2015 TZS'000'	Group 2014 TZS'000'	2015 TZS'000'	Company 2014 TZS'000'
Equity				
Issued capital	1,273,421	1,273,421	1,273,421	1,273,421
Retained earnings	190,122,836	189,521,680	190,318,915	189,426,280
	191,396,257	190,795,101	191,592,336	190,699,701
Debt				
Interest bearing loans - Noncurrent portion	197,362,531	48,860,564	197,362,531	48,860,564
Interest bearing loans - Current portion	7,430,069	366,993	7,430,069	366,993
Bank overdraft	6,047,195	9,259,865	6,047,195	9,259,865
	210,839,795	58,487,422	210,839,795	58,487,422

Further details on the Group's capital management are included in Note 34 of the consolidated financial statements.

The above capital structure was the result of a careful review of the debt carrying capacity of the Group taking account of the addition of the new Kiln capital expansion project. The Board considered the applicable business and economic risks associated with the new capital structure and found it to be within the risk tolerance of the Group without diluting the majority shareholders of the Company.

Key Performance Indicators

Key performance indicators, both financial and non-financial, are used by the directors to assess the Group's performance against its objectives. These indicators include financial budgets, production volumes and efficiency targets, improved cost management, sustainable environmental performance, marketing innovation, human resources excellence and corporate social responsibility programmes.

15. TREASURY POLICIES AND OBJECTIVES

The major financing transactions undertaken up to the date of these financial statements are:

- Interest bearing term loans – to finance Kiln 2 construction
- Bank overdrafts – to finance working capital requirements

The effect of financing costs on the results for the year was a charge of TZS 11.1 billion (2014: Credit of TZS 3.8 billion). This is comprised of the net interest expense, interest income and foreign exchange gains/losses for the year as detailed in the consolidated and separate statement of profit or loss and other comprehensive income.

16. COMPLIANCE WITH BORROWING AGREEMENT COVENANTS

The Company signed a borrowing agreement with the Government Employees Pension Fund of South Africa for a term loan to finance the construction of Kiln 2 and the Company is required to comply with specified financial covenants as indicated in the table below:

Financial Covenant Ratio	As calculated	Covenant Level	Compliance (Yes/No)
Senior Debt Service Cover Ratio	2.23	>1.5	Yes
Total Debt Service Cover Ratio	2.23	>1.3	Yes
DEBT to EBITDA	6.66	<3.0	No

17. RESULTS AND DIVIDENDS

The Group achieved a net profit for the year of TZS 8,242 million (2014: TZS 28,401 million). In line with its dividend policy the Company declared an interim dividend totalling TZS 3,502 million (2014: TZS 3,491 million) being TZS 55 per share (2014: TZS 55 per share). The Board proposed a final dividend for 2015 totalling TZS 1,592 million (2014: TZS 4,139 million) being TZS 25 per share (2014: TZS 65 per share). The total dividend proposed for the year amounts to TZS 5,094 million (TZS 80 per share) being a decrease of 33.3% over the total dividend of TZS 7,641 million (TZS 120 per share) declared and approved for 2014.

18. FUTURE PROSPECTS

Although the East African market for cement products is expected to continue growing, new competitors entering the market coupled with the introduction of cheap imports are expected to continue putting pressure on sales prices and volumes in the near term.

The construction and commissioning of a second Kiln line at the factory in Tanga will give the Company sufficient capacity to produce all its own clinker requirements more cost effectively than using imported clinker. Accordingly the Company will increase cement production at a lower cost in response to growing competition and demand. Any excess clinker produced can also be sold at competitive prices.

19. RESOURCES

Apart from those items that are reflected in the statement of financial position, the Group has key strengths and resources, both tangible and intangible, which can assist the business in pursuit of its objectives. These resources are high quality proven limestone reserves, renowned consistency of products, the strong brand of Simba Cement, competent management, committed and skilled personnel and a strong sales and distribution channel.

20. CASH FLOW PROJECTIONS

The Group's cash flow projections indicate that sufficient positive cash flows will be generated from the Group's operating activities and that the Group has sufficient access to working capital overdraft facilities with various banks. The cash flow projections take cognisance of capital expenditure commitments, and interest and principal repayments on the term loans.

The Group's liquidity position is further discussed in Note 35 of the consolidated financial statements.

21. SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the consolidated and separate financial statements have been prepared on a going concern basis. The directors have reviewed the Group's cash flow forecasts and, in the light of this review and the current financial position, they are satisfied that the Group has or has access to adequate resources to continue operating in the ordinary course of business for the foreseeable future.

22. ACCOUNTING POLICIES

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Group's accounting policies, which are laid out in Note 2 of the consolidated financial statements are subject to an annual review to ensure continuing compliance with International Financial Reporting Standards.

23. ACQUISITIONS AND DISPOSALS

No material acquisitions or disposals were made during the current or the previous financial years.

24. INVESTMENT IN SUBSIDIARY AND ASSOCIATE

Tanga Cement Public Limited Company owns 100% of the issued share capital of Cement Distributors (EA) Limited and 20% of the issued share capital of East African Rail Hauliers Limited.

Detailed information regarding the Company's interests in the subsidiary and associate is included in Note 19 of the consolidated

financial statements.

25. INVESTMENT IN SUBSIDIARY

Management reviewed the performance, forecasts and valuation of the Company's financial investment in Cement Distributors (EA) Limited and decided it would be prudent to further impair the carrying value of the investment due to structural changes in the cement distribution and sales model. The impairment amounted to TZS 2.98 billion (2014: TZS 6.9 billion).

26. EMPLOYEES' WELFARE

Management and Employees' Relationship

A healthy relationship continues to exist between management and employees. A new voluntary agreement between the Company and the Trade Union was signed in 2014 following the expiration of the previous one in 2013. There were no major unresolved complaints received by management from the employees during the year.

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

Training Facilities

During the year, the Group spent a sum of TZS 388 million for staff training in order to improve employees' technical skills and effectiveness (2014: TZS 408 million). Programs have been, and continue to be, developed to ensure that employees are adequately trained at all levels.

Medical Scheme

All employees and up to four dependants each are covered under the Group's Medical Scheme.

Health and Safety

The Group has a world class risk, health and safety department which ensures that a culture of safety prevails at all times. All employees and contractors are provided with appropriate personal protective equipment, all of which meet the requirements of the Occupational Health and Safety Act 2003 and other legislation concerning industrial safety. The Company received a four star NOSA safety rating in 2015, being the first time it submitted itself to this prestigious and stringent safety system audit.

Financial Assistance to Staff

The Group provides education loans for approved study courses and also encourages staff to join the Tanga Cement Savings and Credit Co-operative Society (SACCOS).

Persons with Disabilities

It remains the Group's policy to accept disabled persons for employment for those vacancies that they are able to fill. Opportunities for advancement are provided to each disabled person when a suitable vacancy arises within the organisation and all necessary assistance is given with initial training. Where an employee becomes disabled during the course of his or her employment, the Group will seek to provide suitable alternative employment and any necessary training.

Employee Benefit Plans

Some employees are members of the Parastatal Pension Fund (PPF)

and others are members of National Social Security Fund (NSSF). The Group contributes 15% of basic salary of each employee to PPF and 10% of gross salary of each employee to NSSF on behalf of all permanent employees. All these plans are defined contribution plans.

The Group's employment terms are regularly reviewed to ensure that they continue to meet statutory requirements and prevailing market conditions. The Group communicates with its employees through regular management and staff meetings and through circulars. The Group has continued to maintain a favourable working environment in terms of factory, offices, canteen, medical facilities and transport.

Employees' Share Trust

No additional loan has been given to Tanga Cement Employee Share Trust during the year 2015.

27. GENDER PARITY

The Group is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which do not impair ability to discharge duties. The Company had 328 (2014: 287) employees, of which 33 were female and 295 were male (2014: 28 female and 259 male). The Group has 352 (2014: 345) employees, of which 36 were female and 316 were male (2014: 36 female and 309 male).

28. POLITICAL DONATIONS

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

29. ENVIRONMENTAL CONTROL PROGRAMME

The Group has a formal environmental management programme, accredited with the ISO 14001 environmental quality management system in 2004.

30. QUALITY

The Group has a formal quality assurance management programme, accredited with the ISO 9001 quality assurance management system in 2008.

31. CORPORATE SOCIAL INVESTMENT

During the year, Tanga Cement Public Limited Company continued to support the Tanzanian society through its Corporate Social Investment programs. The areas that have been supported are community development, education, health and the environment. During the year, the Group contributed TZS 104 million (2014: TZS 372 million) towards various corporate social investment initiatives.

32. SECRETARY TO THE BOARD

The Secretary to the Board is responsible for advising the Board on legal and corporate governance matters and, in conjunction with the Chairman, for ensuring the efficient flow of information between the Board, its Committees and Management. All members of the Board and Management have access to his legal advice and services.

33. COMPLIANCE TO LAWS AND REGULATIONS

During the year ended 31 December 2015, there were no serious judicial matters to report as required by Tanzania Financial Reporting Standard No. 1 (Directors' Report).

34. STATEMENT OF COMPLIANCE

The Directors' Report has been prepared in full compliance with the Tanzania Financial Reporting Standard No. 1 (Directors' Report) and constitutes an integral part of the consolidated financial statements.

35. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 32 to the consolidated financial statements. The directors' emoluments have also been disclosed in Note 32 to the consolidated financial statements.

36. SERIOUS PREJUDICIAL MATTERS

In the opinion of the directors, there are no serious unfavourable legal matters that can affect the Group or Company.

37. AUDITORS

The auditor, EY, has expressed willingness to continue in office as



L Masha
Chairperson
4 March 2016



R Swart
Managing Director
4 March 2016

Statement of Directors' Responsibilities

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

auditor and is eligible for re-appointment. A resolution proposing the re-appointment of EY as auditor of the Group for the 2016 financial year will be tabled for shareholders' approval at the next Annual General Meeting.

APPROVED BY THE BOARD OF DIRECTORS ON 06 MARCH 2015, AND SIGNED ON ITS BEHALF BY:

For each financial year, the Tanzanian Companies Act, 2002, requires the directors to prepare consolidated and separate financial statements that present fairly the state of financial affairs of the Group and Company as at the end of the financial year and of its profit or loss for that period. It also requires the directors to ensure that the Group and the Company keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and Company. The directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Tanzanian Companies Act, 2002. The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

The directors are of the opinion that the consolidated and separate financial statements present fairly the state of the financial affairs of the Group and Company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated and separate financial statements, as well as adequate systems of internal financial control.



L Masha
Chairperson
6 March 2016



R Swart
Managing Director
6 March 2016

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Independent Auditor's Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated and separate financial statements of Tanga Cement Public Limited Company ('the Company') and its subsidiaries (together, 'the Group'), which comprise the consolidated and separate statement of financial position as at 31 December 2015, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 18 to 66.

Directors' responsibilities for the consolidated and separate financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Tanga Cement Public Limited Company as at 31 December 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Group and Company, so far as appears from our examination of those books;
- The Directors' Report is consistent with the consolidated and separate financial statements;
- Information specified by law regarding directors' remuneration and transactions with the Group and Company is disclosed; and
- The Group and Company's consolidated and separate statement of financial position and consolidated and separate statement of profit or loss and other comprehensive income are in agreement with the books of account

Ernst & Young

Certified Public Accountants
Dar es Salaam

Signed by:

Joseph Sheffu

Date: 6 March 2016

STRENGTH WITHIN

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2015

	Notes	Group		Company	
		2015	2014	2015	2014
		TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Revenue	5	209,116,045	232,100,723	194,349,261	194,992,804
Cost of sales	6	(162,031,875)	(161,508,088)	(150,081,111)	(132,109,832)
Gross profit		70,592,635	71,672,479	62,882,972	62,720,691
Other income	7	236,609	564,863	199,266	427,531
Selling expenses	8	(3,175,626)	(3,401,707)	(4,112,706)	(3,401,707)
Administration expenses	9	(14,717,351)	(15,985,706)	(11,585,097)	(10,020,118)
Depreciation and amortisation	10	(5,978,005)	(5,145,903)	(5,797,879)	(4,944,357)
Impairment charge	10	(3,549,424)	(6,872,398)	(3,105,726)	(6,872,398)
Operating profit		19,900,373	39,751,784	19,866,008	38,071,923
Interest expense	11	(1,441,548)	(138,344)	(1,441,548)	(68,217)
Finance income	12	320,327	268,249	320,327	268,249
Share of loss of an associate	19(b)	(128,288)	-	-	-
Foreign exchange (loss)/gain	13	(9,972,096)	3,645,801	(9,870,737)	3,718,116
Profit before tax		8,678,768	43,527,490	8,874,050	41,990,071
Income tax expense	14(a)	(437,085)	(15,126,197)	(340,889)	(14,990,373)
Profit for the year		8,241,682	28,401,293	8,533,161	26,999,698
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Exchange differences on translation of foreign operations		87,004	-	-	-
Other comprehensive income net of tax		87,004	-	-	-
Total comprehensive income for the year		8,328,686	28,401,293	8,533,161	26,999,698
Profit for the period attributable to:					
Owners of the parent		28,401,293	31,933,146	26,999,698	32,456,234
Non-controlling interests		-	231,744	-	-
		28,401,293	32,164,890	26,999,698	32,456,234
Total comprehensive income attributable to:					
Owners of the parent		8,328,686	28,401,293	8,533,161	26,999,698
Non-controlling interests		-	-	-	-
		8,328,686	28,401,293	8,533,161	26,999,698
Basic earnings per share (Tzs)	15(a)	131	446	135	424
Diluted earnings per share (Tzs)	15(b)	131	446	135	424

Waraka wa Mapato unaotambulika

kwa mwaka ulioishia tarehe 31 Desemba 2015

	Maelezo	Kundi		Kampuni	
		2015 TZS' 000'	2014 TZS' 000'	2015 TZS' 000'	2014 TZS' 000'
Mapato	5	209,116,045	232,100,723	194,349,261	194,992,804
Gharama za mauzo	6	(162,031,875)	(161,508,088)	(150,081,111)	(132,109,832)
Faida Ghafi		70,592,635	71,672,479	62,882,972	62,720,691
Gharama nyingine za uendesaji	7	236,609	564,863	199,266	427,531
Gharama za uuzaji	8	(3,175,626)	(3,401,707)	(4,112,706)	(3,401,707)
Gharama za utawala	9	(14,717,351)	(15,985,706)	(11,585,097)	(10,020,118)
Uchakavu	10	(5,978,005)	(5,145,903)	(5,797,879)	(4,944,357)
Mali zilizoharibika	10	(3,549,424)	(6,872,398)	(3,105,726)	(6,872,398)
Faida ya Uendesaji		19,900,373	39,751,784	19,866,008	38,071,923
Gharama za riba	11	(1,441,548)	(138,344)	(1,441,548)	(68,217)
Mapato ya Fedha	12	320,327	268,249	320,327	268,249
Sehemu ya hasara ya mashirika	19(b)	(128,288)	-	-	-
Hasara/ Faida iliyotokana na ubadilishaji fedha	13	(9,972,096)	3,645,801	(9,870,737)	3,718,116
Faida kabla ya Kodi		8,678,768	43,527,490	8,874,050	41,990,071
Kodi ya Mapato	14(a)	(437,085)	(15,126,197)	(340,889)	(14,990,373)
Faida kwa Mwaka		8,241,682	28,401,293	8,533,161	26,999,698
Pato kuu jingine					
Mapato mengine yanayotambulika kuainishwa tena kwenye faida au hasara katika kipindi kitakacho fuata (Kodi halisi)					
Tofauti katika ubadilishaji fedha za kigeni		87,004	-	-	-
Mapato Mengine yanayotambulika ya kodi halisi		87,004	-	-	-
Jumla ya Mapato yanayotambulika ya mwaka		8,328,686	28,401,293	8,533,161	26,999,698
Faida kwa kipindi kilichoidhinishwa kwa:					
Wamiliki wa Kampuni mama		28,401,293	31,933,146	26,999,698	32,456,234
Wamiliki wasio na udhibiti		-	231,744	-	-
		28,401,293	32,164,890	26,999,698	32,456,234
jumla ya Mapato yaliyoidhinishwa kwa:					
Wamiliki wa Kampuni mama		8,328,686	28,401,293	8,533,161	26,999,698
Wamiliki wasio na udhibiti		-	-	-	-
		8,328,686	28,401,293	8,533,161	26,999,698
Mapato ya msingi kwa hisa (Tzs)	14(a)	131	446	135	424
Mapato yaliyopunguzwa kwa hisa (Tzs)	14(b)	131	446	135	424

Consolidated Statement Of Financial Position

As at 31 December 2015

		Group		Company	
	Notes	2015	2014	2015	2014
		TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
ASSETS					
Non-current assets					
Property, plant and equipment	16	373,177,406	233,160,607	371,307,653	228,110,535
Intangible assets	17(b)	-	571,986	-	-
Due from Employees' Share Trust	18	-	-	1,853,782	-
Investment in subsidiary	19(a)	-	-	1,746,976	4,724,414
Investment in associate	19(b)	271,712	400,000	271,712	400,000
Financial asset - Interest rate cap	20	7,629,752	7,867,067	7,629,752	7,867,067
		381,078,870	241,999,660	382,809,875	241,102,016
Current assets					
Inventories	21	38,123,889	36,176,598	37,224,402	35,514,358
Trade and other receivables	22	7,776,853	17,956,808	8,758,254	23,657,657
VAT recoverable	23	17,019,367	525,566	16,983,726	-
Current income tax recoverable	14(d)	1,773,964	-	1,600,889	-
Cash and bank balances	24	24,339,787	20,059,861	23,297,360	19,174,756
		89,033,860	74,718,833	87,864,631	78,346,771
TOTAL ASSETS		470,112,730	316,718,493	470,674,506	319,448,787
EQUITY AND LIABILITIES					
Capital and reserves					
Issued capital	25	1,273,421	1,273,421	1,273,421	1,273,421
Translation reserve		87,004	-	-	-
Treasury shares	18	(1,853,782)	-	-	-
Retained earnings		190,122,836	189,521,679	190,318,916	189,426,280
Equity attributable to owners of the parent		189,629,479	190,795,100	191,592,337	190,699,701
Non-controlling interest		-	-	-	-
Total equity		189,629,479	190,795,100	191,592,337	190,699,701
Non-current liabilities					
Provision for Quarry Site Restoration	26	145,602	101,577	145,602	101,577
Deferred tax liability	14(b)	15,239,526	20,829,852	15,239,526	20,829,852
Term borrowings: Non current portion	27(a)	197,362,531	48,860,564	197,362,531	48,860,564
		212,747,659	69,791,993	212,747,659	69,791,993
Current liabilities					
Trade and other payables	28	54,258,328	45,072,935	52,857,246	47,792,106
Current income tax payable	14(d)	-	1,431,607	-	1,538,129
Term borrowings: Current portion	27(a)	7,430,069	366,993	7,430,069	366,993
Bank overdrafts	27(b)	6,047,195	9,259,865	6,047,195	9,259,865
		67,735,592	56,131,400	66,334,510	58,957,093
Total liabilities		280,483,251	125,923,393	279,082,169	128,749,086
TOTAL EQUITY AND LIABILITIES		470,112,730	316,718,493	470,674,506	319,448,787

These consolidated and company financial statements were approved by the Board of Directors for issue on 04 March 2016 and were signed on their behalf by:

Lawrence Masha
Chairman



Reinhardt Swart
Managing Director



Waraka wa Hali ya Kifedha

Kama ilivyokuwa tarehe 31 Desemba 2015

		Kundi		Kampuni	
	Maelezo	2015	2014	2015	2014
		TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
RASILIMALI					
Rasilimali kudumu					
Mali, mitambo na vifaa	16	373,177,406	233,160,607	371,307,653	228,110,535
Rasilimali zisiozoonekana	17(b)	-	571,986	-	-
Stahili kutoka mfuko wa hisa wa wafanyakazi	18	-	-	1,853,782	
Uwekezaji tanzu	19(a)	-	-	1,746,976	4,724,414
Uwekezaji kwa washirika	19(b)	271,712	400,000	271,712	400,000
Uwekezaji	20	7,629,752	7,867,067	7,629,752	7,867,067
		381,078,870	241,999,660	382,809,875	241,102,016
Rasilimali za Muda					
Bidhaa	21	38,123,889	36,176,598	37,224,402	35,514,358
Wadaiwa wa kibiashara na wengine	22	7,776,853	17,956,808	8,758,254	23,657,657
Kodi inayorejesheka	23	17,019,367	525,566	16,983,726	-
kodi ya mapato ya kampuni itakayorudishwa	14(d)	1,773,964	-	1,600,889	-
Baki ya taslimu na benki	24	24,339,787	20,059,861	23,297,360	19,174,756
		89,033,860	74,718,833	87,864,631	78,346,771
JUMLA YA RASILIMALI		470,112,730	316,718,493	470,674,506	319,448,787
HISA NA DHIMA					
Mtaji wa Akiba					
Mtaji wa hisa ulitolewa	25	1,273,421	1,273,421	1,273,421	1,273,421
Tafsiri ya akiba		87,004	-	-	-
Hisa za hazina	18	(1,853,782)	-	-	-
Mapato yaliyobakishwa		190,122,836	189,521,679	190,318,916	189,426,280
Hisa zilizoidhinishwa kwa wamiliki wa Kampuni mama		189,629,479	190,795,100	191,592,337	190,699,701
Non-controlling interest		-	-	-	-
Jumla		189,629,479	190,795,100	191,592,337	190,699,701
Dhima za kudumu					
Tengo kwa ajili ya uboreshaji wa eneo la machimbo	26	145,602	101,577	145,602	101,577
Tengo la kodi iliohirishwa	14(b)	15,239,526	20,829,852	15,239,526	20,829,852
Mkopo wa muda mrefu	27(a)	197,362,531	48,860,564	197,362,531	48,860,564
		212,747,659	69,791,993	212,747,659	69,791,993
Dhima za muda					
Madeni ya kibiashara na mengineyo	28	54,258,328	45,072,935	52,857,246	47,792,106
Madeni ya kodi ya mapato	14(d)	-	1,431,607	-	1,538,129
Term borrowings: Current portion	27(a)	7,430,069	366,993	7,430,069	366,993
Mikopo yenye riba	27(b)	6,047,195	9,259,865	6,047,195	9,259,865
		67,735,592	56,131,400	66,334,510	58,957,093
Jumla ya Dhima		280,483,251	125,923,393	279,082,169	128,749,086
JUMLA YA HISA NA DHIMA		470,112,730	316,718,493	470,674,506	319,448,787

Taarifa hizi kamili za fedha ziliidhinishwa na Bodi ya Wakurugenzi tarehe 04 Machi 2016 na zilitiwa saina kwa niaba yao na:

Lawrence Masha
Mwenyekiti



Reinhardt Swart
Mkurugenzi Mtendaji



Consolidated Statement Of Changes in Equity

for the year ended 31 December 2015

	Notes	Issued Capital TZS' 000'	Translation reserve TZS' 000'	Treasury Shares TZS' 000'	Retained Earnings TZS' 000'	Total TZS' 000'
COMPANY						
At 1 January 2014		1,273,421	-	-	169,737,752	171,011,173
Profit for the year		-	-	-	26,999,698	26,999,698
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	26,999,698	26,999,698
Dividends paid	30	-	-	-	(7,311,170)	(7,311,170)
At 31 December 2014		1,273,421	-	-	189,426,280	190,699,701
At 1 January 2015		1,273,421	-	-	189,426,280	190,699,701
Profit for the year		-	-	-	8,533,161	8,533,161
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	8,533,161	8,533,161
Dividends paid	30	-	-	-	(7,640,525)	(7,640,525)
At 31 December 2015		1,273,421	-	-	190,318,916	191,592,337
GROUP						
At 1 January 2014		1,273,421	-	-	168,431,556	169,704,977
Profit for the year		-	-	-	28,401,293	28,401,293
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	28,401,293	28,401,293
Dividends	30	-	-	-	(7,311,170)	(7,311,170)
At 31 December 2014		1,273,421	-	-	189,521,679	190,795,100
At 1 January 2015		1,273,421	-	-	189,521,679	190,795,100
Profit for the year		-	-	-	8,241,682	8,241,682
Other comprehensive income		-	87,004	-	-	87,004
Total comprehensive income		-	87,004	-	8,241,682	8,328,686
Treasury shares	18	-	-	(1,853,782)	-	(1,853,782)
Dividends	30	-	-	-	(7,640,525)	(7,640,525)
		-	-	-	-	-
At 31 December 2015		1,273,421	87,004	(1,853,782)	190,122,836	189,629,479

Waraka wa Mabadiliko ya Hisa/Mtaji

kwa mwaka ulioishia tarehe 31 Desemba 2015

	Maelezo	Mtaji wa hisa uliotolewa TZS' 000'	Mapato yaliyohifadhiwa TZS' 000'	Treasury Shares TZS' 000'	Retained Earnings TZS' 000'	Total TZS' 000'
COMPANY						
	Tarehe 1 Januari 2014	1,273,421	-	-	169,737,752	171,011,173
	Faida kwa Mwaka 2014	-	-	-	26,999,698	26,999,698
	Mapato Mengineyo	-	-	-	-	-
	Jumla	-	-	-	26,999,698	26,999,698
	Gawio	30	-	-	(7,311,170)	(7,311,170)
	Tarehe 31 Desemba 2014	1,273,421	-	-	189,426,280	190,699,701
	Tarehe 1 Januari 2015	1,273,421	-	-	189,426,280	190,699,701
	Faida kwa mwaka 2015	-	-	-	8,533,161	8,533,161
	Mapato Mengineyo	-	-	-	-	-
	Jumla	-	-	-	8,533,161	8,533,161
	Gawio	30	-	-	(7,640,525)	(7,640,525)
	Tarehe 31 Desemba 2015	1,273,421	-	-	190,318,916	191,592,337
KUNDI						
	Tarehe 1 Januari 2014	1,273,421	-	-	168,431,556	169,704,977
	Faida kwa mwaka 2015	-	-	-	28,401,293	28,401,293
	Mapato Mengineyo	-	-	-	-	-
	Jumla	-	-	-	28,401,293	28,401,293
	Gawio	30	-	-	(7,311,170)	(7,311,170)
	Tarehe 31 Desemba 2014	1,273,421	-	-	189,521,679	190,795,100
	Tarehe 1 Januari 2015	1,273,421	-	-	189,521,679	190,795,100
	Faida kwa mwaka 2015	-	-	-	8,241,682	8,241,682
	Mapato Mengineyo	-	87,004	-	-	87,004
	Jumla	-	87,004	-	8,241,682	8,328,686
	Hisa za hazina	18	-	(1,853,782)	-	(1,853,782)
	Gawio	30	-	-	(7,640,525)	(7,640,525)
	Tarehe 31 Desemba 2015	1,273,421	87,004	(1,853,782)	190,122,836	189,629,479

Consolidated Statement Of Cash Flow

for the year ended 31 December 2015

		Group		Company	
	Notes	2015	2014	2015	2014
		TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
OPERATING ACTIVITIES					
Cash generated from operating activities	29	29,431,200	53,913,830	29,119,528	53,603,392
Interest income received	12	320,327	268,249	320,327	268,249
Interest expense paid	11	(1,441,548)	(138,344)	(1,441,548)	(68,217)
Income taxes paid	14(d)	(9,232,983)	(11,444,092)	(9,070,233)	(11,099,871)
Net cash flows from operating activities		19,076,996	42,599,643	18,928,073	42,703,553
INVESTING ACTIVITIES					
Investment in associate	19(b)	-	(400,000)	-	(400,000)
Net fair value loss on financial asset	20	-	(7,867,067)	-	(7,867,067)
Proceeds from sale of property, plant and equipment		31,915	197,064	4,236	12,728
Purchase of property, plant and equipment (additions less capitalised borrowing costs)	16	(127,361,220)	(100,476,918)	(127,346,515)	(100,333,385)
Net cash flows used in investing activities		(127,329,305)	(108,546,921)	(127,342,279)	(108,587,724)
FINANCING ACTIVITIES					
Proceeds from borrowings	27(a)	116,742,350	48,860,564	116,742,350	48,860,564
Dividends paid to equity holders of the parent	30	(7,640,525)	(7,311,170)	(7,640,525)	(7,311,170)
Net cash flow from financing activities		109,101,825	41,549,394	109,101,825	41,549,394
Net increase/(decrease) in cash and cash equivalents		849,516	(24,397,885)	687,619	(24,334,777)
Net foreign exchange differences		6,643,079	3,645,800	6,647,654	3,718,116
Cash and cash equivalents at 1 January		10,799,996	31,552,081	9,914,891	30,531,552
Cash and cash equivalents at 31 December	24	18,292,591	10,799,996	17,250,164	9,914,891

Waraka wa Mtiririko wa Fedha

kwa mwaka ulioishia tarehe 31 Desemba 2015

		Kundi		Kampuni	
	Maelezo	2015	2014	2015	2014
		TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
SHUGHULI ZA UENDESHAJI					
Taslimu kutoka shughuli za biashara	29	29,431,200	53,913,830	29,119,528	53,603,392
Mapato ya Fedha	12	320,327	268,249	320,327	268,249
Gharama za Fedha	11	(1,441,548)	(138,344)	(1,441,548)	(68,217)
Kodi ya mapato iliyolipwa	14(d)	(9,232,983)	(11,444,092)	(9,070,233)	(11,099,871)
Mapato halisi kutoka shughuli za biashara		19,076,996	42,599,643	18,928,073	42,703,553
SHUGHULI ZA UWEKEZAJI					
Fedha halisi za ununuzi wa Kampuni tanzu	19(b)	-	(400,000)	-	(400,000)
Malipo kwa mali ya fedha	20	-	(7,867,067)	-	(7,867,067)
Mapato yaliyopatikana kwa uuzaji wa mali, mitambo na zana		31,915	197,064	4,236	12,728
Ununuzi wa mali, mitambo na zana	16	(127,361,220)	(100,476,918)	(127,346,515)	(100,333,385)
Mapato halisi yaliyotumika katika uwekezaji		(127,329,305)	(108,546,921)	(127,342,279)	(108,587,724)
SHUGHULI ZA KUGHARIMIA					
Mapato yaliyopatikana na mikopo	27(a)	116,742,350	48,860,564	116,742,350	48,860,564
Magawio yaliyolipwa kwa wenye hisa wa kampuni mama	30	(7,640,525)	(7,311,170)	(7,640,525)	(7,311,170)
Fedha taslimu iliyotumiwa katika shughuli za ugharamiaji		109,101,825	41,549,394	109,101,825	41,549,394
Mapato halisi yaliyotumiwa katika shughuli za kugharimia		849,516	(24,397,885)	687,619	(24,334,777)
Tofauti Halisi ya Mabadiliko ya Fedha za kigeni		6,643,079	3,645,800	6,647,654	3,718,116
Fedha taslimu na Fedha linganifu mwanzo wa mwaka		10,799,996	31,552,081	9,914,891	30,531,552
Fedha taslimu na Fedha linganifu mwisho wa mwaka	24	18,292,591	10,799,996	17,250,164	9,914,891

“The consolidated financial statements have been prepared on a historical cost basis. No other adjustments have been made for inflationary factors affecting the statements.”

Notes to the consolidated Financial Statements

1. CORPORATE INFORMATION

The consolidated and separate financial statements of the Group for the year ended 04 March 2016 were approved for issue in accordance with a resolution of the Board of Directors on 04 March 2016. Tanga Cement Public Limited Company, the reporting entity, is incorporated in Tanzania under the Companies Act 2002 as a limited liability company and is domiciled in Tanga, Tanzania. The name of the reporting entity was changed from Tanga Cement Company Limited to Tanga Cement Public Limited Company as per Company Registrar's instructions on the 25th day of June 2014. The Company's shares are publicly traded at the Dar es Salaam Stock Exchange.

The principal activities of the Group are disclosed in the Directors' Report. Information about the Group is disclosed on page 1.

The Company has one fully owned subsidiary, Cement Distributors (EA) Limited (CDEAL) that is incorporated and domiciled in Tanzania. CDEAL is incorporated in Tanzania and fully owns and controls Cement Distributors (EA) Ltd – Rwanda and Cement Distributors (EA) Ltd – Burundi. The Company also owns and controls 20% of the shares in East African Railway Hauliers Limited which is accounted for as an associate. From a Group perspective, the Employee Share Trust is a consolidated structured entity since the Trust has specifically been set up in order to facilitate the delivery of shares to the Company's employees. Information on its ultimate parent is presented in Note 38 to the consolidated financial statements.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared on a historical cost basis, except for derivative financial instruments, which are recognized at fair value.

The consolidated and separate financial statements are prepared in Tanzanian Shillings with all values rounded to the nearest thousand (TZS'000), except when otherwise indicated. These consolidated and separate financial statements cover the year ended 31 December 2015.

2.2 STATEMENT OF COMPLIANCE AND BASIS OF CONSOLIDATION

The consolidated and separate financial statements of Tanga Cement Public Limited Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB) and in the manner required by the Tanzanian Companies Act, 2002.

The financial statements comprise the financial statements of the Group and its subsidiary and associate as at 31 December 2015. The subsidiary is fully consolidated from the date of acquisition, being

the date on which the Group obtained control (Control is achieved when the Group 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.), and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent 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 subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's investment in its associate is accounted using the equity method.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The share of profit of an associate is shown on the face of the consolidated statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the

associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. The investment in associate is measured at cost at the Company's financial statements.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c) Current versus non-current classification

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

- 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 twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- 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 twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

d) Foreign currency translation

The Group's consolidated financial statements are presented in Tanzanian Shillings (TZS), which is also the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities 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 value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

ii) Group companies

The assets and liabilities of foreign operations are translated into Tanzanian Shilling (TZS) at the rate of exchange prevailing at the reporting date and their statements of comprehensive income balances are translated at exchange rates prevailing at the dates of the transaction or the average rates for the period. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates and Value Added Tax.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

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

Technical fees

Revenue is recognised when the Group's right to receive payment is established.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

Dividends

Revenue is recognised when the Group has provided the services and the right to receive payment is established.

g) Taxation

Current income 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.

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:

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

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

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or recognised in profit or loss.

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 consolidated statement of financial position.

g) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on property, plant and equipment is computed on a straight line basis over the estimated useful lives of the assets. The rates of depreciation used are:

Asset	Rate
• Leasehold land	1.00% – 10.00%
• Buildings, roads and railway siding	2.86% – 10.00%
• Plant, machinery and equipment	3.33% – 10.00%
• Motor vehicles	3.33% – 20.00%
• Fixtures, fittings and equipment	3.33% – 33.33%

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

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

Construction 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 cost incurred for assets being constructed by third parties, assets which have not been delivered to, or installed in, the facility and assets which cannot be used until certain other assets are acquired and installed.

Where there is a significant interval between the times 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.

Construction in progress is not depreciated, since by the definition it is not yet ready for use.

h) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

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

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability in order to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. If, however, there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to prepare for its intended use or sale, are capitalised as part

of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs may include:

- Interest expense calculated using the effective interest method as described in IAS 39 Financial Instruments: Recognition and Measurement;
- Finance charges in respect of finance leases recognised in accordance with IAS 17 Leases; and
- Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

The Group capitalises borrowing costs for all eligible assets where construction was commenced on or after 1 January 2009

j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that an intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in an asset, are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An item of intangible asset is derecognised when an item is disposed or when no future economic benefit is expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

k) Financial instruments – initial recognition and subsequent measurement

i) Financial assets

Initial recognition and measurement

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

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

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

The Group's financial assets include cash and short-term deposits (included under cash and cash equivalents), trade and other receivables and trustees' share trust loan receivable.

Subsequent measurement

Cash and short-term deposits, loan and receivables loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in profit or loss.

Derecognition

A financial asset, or where applicable a part of a financial asset or part of a Group of similar financial assets is derecognised when:

- The rights to receive cash flows from the asset have expired;
- 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, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

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 assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of profit or loss.

Receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

Derivative financial instruments

The Company uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The premium paid is recognized at the fair value and any changes are capitalized as borrowing costs under the related Property, Plant and Equipment item.

Note 20 of consolidated financial statements provide a detailed breakdown of the interest rate cap disclosure.

There were no transfers into and out of the fair value hierarchies.

The Group has no nonfinancial assets and liabilities that are measured at fair value.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Subsequent measurement

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

i) Inventories

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

Raw materials:

Purchase cost on a first in, first out basis.

Finished goods and work in progress:

Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

m) 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 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 to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset 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 a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been

determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

n) Royalties

Royalties payable to the representatives of the Ministry of Energy and Minerals, the Resident Mines Officer and Zonal Mines Officer and, in some instances, local government are included under the cost of sales. Royalties are calculated based on quantities of limestone and red clay crushed/hailed and pozzolana used during the year under review, royalties are recognised up on consumption of the respective materials.

o) Cash and cash equivalent

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

p) 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. Where 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 any provision is presented in profit or loss net of any reimbursement.

Site restoration provision

The provision for restoration represents the cost of restoring site damage after the start of production. Increases in the provision are 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.

q) Employees' benefits

Pension benefit

All the Group's local employees are either members of the National Social Security Fund (NSSF) or the Parastatal Pension Fund (PPF), which are defined contribution plans. These plans are prescribed by law. All employees must be a member of at least one of the aforementioned. The Group and employees both contribute 10% of the employees' gross salaries to the NSSF. For PPF, the Group and employees contribute 15% and 5% of the employees' basic salaries to the scheme respectively. The Group contribution is charged to the profit or loss when incurred.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy based on the number of employees expected to accept the offer.

r) Employees bonus

Employees are entitled for annual bonuses which are performance based; the company recognises a liability and an expense for bonuses, based on a formula that takes into consideration individual's achievement on the pre agreed annual targets. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

r) Comparatives

Where necessary, comparative figures are adjusted or reclassified to conform to changes in the presentation in the reporting period. No adjustments or reclassification has been made in the current year.

t) Determination of fair value

The fair value for financial instruments traded in active markets at the financial reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models

u) Cash Dividend and non-cash distributions

The Group recognises dividend liability when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the Board of Directors. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to

be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in profit or loss.

w) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's Board of Directors.

Dividend withholding tax

Dividend withholding tax is payable at a rate of 15% on dividends distributed to shareholders. This tax is not attributable to the Company paying the dividend but is collected by the Company and paid to the tax authorities on behalf of the shareholder. Dividend withholding tax is included in dividend paid in the statement of changes in equity.

2.4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those used in the previous year. The following new and amended standards and interpretations that became effective for the Group during the year did not have any impact on the accounting policies, financial position or performance of the Group:

- a) Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
- b) Annual Improvements 2010-2012 Cycle
 - IFRS 2 Share-based Payment
 - IFRS 3 Business Combinations
 - IFRS 8 Operating Segments
 - IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
 - IAS 24 Related Party Disclosures
- c) Annual Improvements 2011-2013 Cycle
 - IFRS 3 Business Combinations
 - IFRS 13 Fair Value Measurement
 - IAS 40 Investment Property

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated and separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the judgments, apart from those involving estimations, which have had significant effects on the amounts recognized in the consolidated and separate financial statements.

Operating lease commitments – Group as a lessee

The Group has entered into lease agreements for office space and residential premises. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the leased assets and the present value of the minimum lease payments not amounting to substantially all of the fair value of the leased assets, that it does not take on all the significant risks and rewards of ownership of the leased assets and accounts for the arrangements as operating leases.

Refer to Note 31 for details on operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may, however, change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for quarry restoration

The Group's quarry is an open pit quarry with bench heights at 12-15 metres. The overburden materials vary in thickness, but seldom exceed 0.5 metres. The removed overburden is later used as natural backfill material on the mined benches. Limestone is mined from the quarry in a way that leaves the "used" area as a one-level horizontal plateau (bench). The Group has re-cultivated the lands of the quarry that will no longer be mined. The Group has prepared a quarry restoration plan.

For the carrying amount of the provision for quarry restoration refer to Note 26 of the consolidated financial statements.

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 16 of the consolidated financial statements.

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 company 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 company could be materially affected by the unfavourable outcome of litigation.

For details on the contingent liabilities amounts, refer to Note 36 of the consolidated financial statements.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Refer to Notes 20 and 39 of the consolidated financial statements for further disclosures on fair value measurements.

Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. 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 the cash flow.

Refer to Notes 17, 19 and 2.3 (m) for the carrying amounts of the impaired non-financial assets and accounting policy on impairment of non-financial assets.

Intangible assets are tested for impairment annually as well as at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

The Group performed the annual impairment test for 2015. The Group considers the relationship between value in use and carrying amount of the asset, among other factors, when reviewing for indicators of impairment. As at 31 December 2015, the value in use of the investment of the Group in Cement Distributor (EA) Limited was below the carrying, indicating a potential impairment of goodwill and impairment of the assets of the operating segment. In addition, the changes in group distribution model have led to a decrease in the CGU's contribution to the Group's distribution activity.

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 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 Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

For disclosures and details on tax, refer to Note 14 of the consolidated financial statements.

Impairment losses on trade receivables

The Group reviews its accounts receivable to assess impairment at least on an annual basis. In determining 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. This evidence may include observable data indicating that there has been an adverse change in the payment status of customers, or national or local economic conditions that correlate with defaults on assets.

Refer to Note 22 of the consolidated financial statements for further details on impairment of trade receivables.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. During 2015, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment

is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2015, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments. The Group is still assessing the impact the new standard will have on its revenue.

Amendments to IAS 7 Statement of cash flows

The improvements to disclosures require companies to provide information about changes in their financing liabilities. The amendments will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses). The improvements are part of the Board's Disclosure Initiative—a portfolio of projects aimed at improving the effectiveness of disclosures in financial reports.

The IAS 7 amendments become mandatory for annual periods beginning on or after 1 January 2017. The impact of the amendments is being assessed by the Group.

IFRS 16 Leases

The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. The key features of the new standard are:

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The new standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach. The new standard's transition provisions permit certain reliefs.

The new standard requires lessees and lessors to make more extensive disclosures than under IAS 17. The impact of the new standard is being assessed by the Group.

Other standards issued but not yet effective

The following new and amended standards are not expected to have an impact on the financial statements of the Group:

- a) Amendments to IFRS 11 Joint Arrangements: Accounting for

Acquisitions of Interests

- b) Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- c) IFRS 14 Regulatory Deferral Accounts
- d) Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- e) Amendments to IAS 27: Equity Method in Separate Financial Statements
- f) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- g) Annual Improvements 2012-2014 Cycle - These improvements are effective for annual periods beginning on or after 1 January 2016. They include:
 - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
 - IFRS 7 Financial Instruments: Disclosures - Servicing contracts and Applicability of the amendments to IFRS 7 to condensed interim financial statements
 - IAS 19 Employee Benefits
 - IAS 34 Interim Financial Reporting
- h) Amendments to IAS 1 Disclosure Initiative
- i) Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exceptio

Notes to the consolidated financial statements

for the year ended 31 December 2015

	Group 2015 Tzs' 000'	Group 2014 Tzs' 000'	Company 2015 Tzs' 000'	Company 2014 Tzs' 000'
5. REVENUE				
Cement revenue	201,288,105	214,713,708	186,521,320	187,073,449
Transport revenue	7,827,940	17,387,015	7,827,941	7,919,355
Total	209,116,045	232,100,723	194,349,261	194,992,804
6. COST OF SALES				
Cost of sales	162,031,875	161,508,088	150,081,111	132,109,832
Cost of sales includes the cost incurred on raw materials, fuel, electricity, personnel, maintenance and distribution and other production expenses. Royalties payable to the Ministry of Energy and Minerals during the year are recognised as expenses and are included in the cost of sales line item as part of direct costs of raw materials. "External factors such as increased electricity supply interruptions and frequent power dips from the national utility caused significant operational challenges like premature kiln refractory lining failures. In the macroeconomic environment, the Group witnessed a significant devaluation of the Tanzanian shilling to the US Dollar in excess of 20%. These factors contributed to the need to import more expensive clinker, which negatively impacted on the cost of production of cement."				
7. OTHER INCOME				
Sundry income	236,609	444,475	199,266	433,740
Interest expense - Quarry rehabilitation	-	(3,999)	-	(3,999)
Gain/(loss) on sale of property, plant and equipment	-	124,387	-	(2,210)
Total	236,609	564,863	199,266	427,531
8. SELLING EXPENSES				
Other marketing and sales expenses	353,563	217,947	353,563	217,947
Personnel expenses	872,037	1,124,585	872,037	1,124,585
Third and related party services	1,950,026	2,059,175	2,887,106	2,059,175
Total	3,175,626	3,401,707	4,112,706	3,401,707
9. ADMINISTRATION EXPENSES				
Personnel expenses	10,472,359	8,871,232	7,339,789	6,628,447
Third party service	2,676,248	2,203,484	2,676,248	2,203,484
Loss on sale of property, plant and equipment	1,076	-	1,076	-
Other administration expenses	1,567,668	4,910,990	1,567,984	1,188,187
Total	14,717,351	15,985,706	11,585,097	10,020,118
10. OPERATING PROFIT				
Operating profit from operations is after charging/(crediting):				
Loss /(gain) on sale of property, plant and equipment	1,076	(124,387)	1,076	2,210
Auditor's remuneration:				
Audit fees				
- External	191,213	157,980	148,242	105,034

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for the year ended 31 December 2015

	Group 2015 Tzs' 000'	Group 2014 Tzs' 000'	Company 2015 Tzs' 000'	Company 2014 Tzs' 000'
Directors' remuneration				
- Directors' emoluments	1,141,048	1,087,013	1,141,048	1,087,013
Staff costs:				
- Service costs	15,638,230	16,060,255	13,751,890	13,817,470
- Pension costs (Defined contribution plan)	1,419,344	1,198,499	1,419,344	1,198,499
Rentals -Operating Lease payments	791,880	508,078	791,880	508,078
Depreciation				
Charge for the year (Note 16)	6,044,064	5,145,903	5,863,938	4,944,357
Transfer of depreciation to Kiln 2 capital work-in-progress (Note 16(a)v)	(66,059)	-	(66,059)	-
	5,978,005	5,145,903	5,797,879	4,944,357
Impairment charge				
- On goodwill (Note 17)	571,986	6,872,398	-	-
- On value of investment in subsidiary (Note 16)	-	-	2,977,438	6,872,398
- On value of property, plant and equipment (Note 16 & 19)	2,977,438	-	-	-
- On value of investment in associate (Note 19)	-	-	128,288	-
	3,549,424	6,872,398	3,105,726	6,872,398
11. INTEREST EXPENSE				
Interest expense on bank overdrafts	1,441,548	138,344	1,441,548	68,217
Interest expense on term loans	6,689,529	366,993	6,689,529	366,993
Total interest expense	8,131,077	505,337	8,131,077	435,210
Less: Interest expense capitalised in property, plant & equipment	(6,689,529)	366,993	(6,689,529)	(366,993)
Interest expense charged to profit or loss	1,441,548	138,344	1,441,548	68,217
12. FINANCE INCOME				
Interest income on bank deposits	320,327	268,249	320,327	268,249
13. FOREIGN EXCHANGE LOSS/(GAIN)				
Net foreign exchange loss/(gain)	25,586,870	(3,645,801)	25,485,511	(3,718,116)
Less: Foreign exchange loss capitalised in property, plant & equipment	(15,614,774)	-	(15,614,774)	-
Foreign difference charged/(credited) to profit or loss	9,972,096	(3,645,801)	9,870,737	(3,718,116)

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for the year ended 31 December 2015

	Group 2015 Tzs' 000'	Group 2014 Tzs' 000'	Company 2015 Tzs' 000'	Company 2014 Tzs' 000'
14. INCOME TAX				
(a) Income tax charge				
Current income tax	5,924,632	14,298,980	5,828,436	14,098,721
Adjustments in respect of current income tax of the previous year	102,779	224,148	102,779	288,583
Deferred tax (credit)/charge	(5,590,326)	603,069	(5,590,326)	603,069
	<u>437,085</u>	<u>15,126,197</u>	<u>340,889</u>	<u>14,990,373</u>
(b) Deferred tax liability				
At 1 January	20,829,852	20,226,783	20,829,852	20,226,783
Charge for the year	(5,590,326)	603,069	(5,590,326)	603,069
At 31 December	<u>15,239,526</u>	<u>20,829,852</u>	<u>15,239,526</u>	<u>20,829,852</u>
Deferred tax liabilities/(assets)				
Accelerated depreciation	20,140,651	20,376,286	20,251,978	20,473,144
Provision for doubtful claims	(179,291)	-	(179,291)	-
Provision for bad debts	(73,243)	(27,410)	(22,454)	(27,410)
Provision for obsolete inventories	(1,801,066)	(25,451)	(1,801,066)	(25,451)
Impairment of investment in subsidiary	-	-	(893,231)	-
Impairment of assets	(893,231)	-	-	-
Impairment of investment in associate	(38,486)	-	(38,486)	-
Unrealised foreign exchange (loss)/gain	(2,034,242)	468,681	(2,034,242)	468,681
Provision for bonus	-	(59,112)	-	(59,112)
Current tax losses	-	(4,533)	-	-
Provision for Quarry Site Restoration	(43,682)	-	(43,682)	-
	<u>15,077,410</u>	<u>20,728,461</u>	<u>15,239,526</u>	<u>20,829,852</u>
Deferred tax asset not recognised				
CDEAL - Tanzania	159,904	101,391	-	-
CDEAL - Rwanda	2,212	-	-	-
	<u>162,116</u>	<u>101,391</u>	<u>-</u>	<u>-</u>
Net deferred tax liability recognised	<u>15,239,526</u>	<u>20,829,852</u>	<u>15,239,526</u>	<u>20,829,852</u>

The Company has recognised deferred tax on provision for inventories and certain unrealised foreign exchange differences after obtaining reasonable certainty that necessary documentation will be available at the time of realisation to support these as tax allowable expenses.

The net deferred income tax assets for CDEAL Tanzania and CDEAL Rwanda have not been recognised because in the opinion of the directors, there is no convincing evidence that future taxable profits will be available against which the deferred tax assets can be utilised for the respective companies. The current tax losses have no time limit over which they must be utilised.

(c) Tax rate reconciliation

A reconciliation between the income tax expense and the accounting profit multiplied by the domestic tax rate is as follows:

	%	%	%	%
Standard rate applicable	30	30	30	30
The standard rate has been affected by:				
- Expenses not deductible for tax purposes	1	4	1	5
- Adjustment in respect of deferred tax on prior year provision for inventories obsolescence	(18)	-	(18)	-

Notes to the consolidated financial statements

for the year ended 31 December 2015

- Adjustment in respect of prior year unrealised foreign exchange differences	(9)	-	(11)	-
- Adjustments in respect of previous year current tax	1	1	1	1
Effective tax rate	5	35	4	36
(d) Income tax (recoverable)/payable				
At 1 January	1,431,607	(1,647,429)	1,538,129	(1,749,304)
Payment made during the year	(9,232,983)	(11,444,092)	(9,070,233)	(11,099,871)
Current year provision (Note 14a)	6,027,411	14,523,128	5,931,215	14,387,304
At 31 December	(1,773,964)	1,431,607	(1,600,889)	1,538,129

15. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Group and Company by the weighted average number of ordinary shares outstanding during the year. The calculation is based on:

Profit attributable to ordinary shareholders (TZS' 000)	8,241,682	28,401,293	8,533,161	26,999,698
Total weighted average number of ordinary shares	63,671,045	63,671,045	63,671,045	63,671,045
Treasury shares	(546,600)	-	-	-
Weighted average number of ordinary shares less treasury shares	63,124,445	63,671,045	63,671,045	63,671,045
Basic earning per share	131	446	134	424

(b) Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the Group and Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. This calculation is based on:

Profit attributable to ordinary shareholders (TZS' 000)	8,241,682	28,401,293	8,533,161	26,999,698
Weighted average number of issued ordinary shares	63,671,045	63,671,045	63,671,045	63,671,045
Treasury shares	-	-	-	-
Weighted average diluted number of issued ordinary shares	63,124,445	63,671,045	63,124,445	63,671,045
Diluted earnings per share (TZS/share)	131	446	134	424

Notes to the consolidated financial statements

for the year ended 31 December 2015

16 PROPERTY, PLANT AND EQUIPMENT

16(a) PROPERTY, PLANT AND EQUIPMENT - GROUP

	Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture Fittings & Equipment	Capital Work in Progress	Total
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
At 1 January 2015	26,118,873	109,916,846	2,626,673	644,654	136,706,131	276,013,178
Additions	143,644	4,084,793	585,006	1,008,889	144,080,506	149,902,838
Deprecation capitalised	-	-	-	-	66,059	66,059
Reclassification	-	(232,716)	(92,970)	325,686	-	-
Disposals	-	(102,746)	(29,342)	-	-	(132,088)
Insurance spares utilised	-	(887,823)	-	-	-	(887,823)
At 31 December 2015	26,262,517	112,778,354	3,089,367	1,979,229	280,852,697	424,962,164
Depreciation and impairment						
At 1 January 2015	4,394,222	36,224,974	2,029,796	203,578	-	42,852,570
Charge for the year	599,876	4,985,165	280,927	178,095	-	6,044,064
Disposals	-	(99,400)	1,256	8,830	-	(89,314)
Impairment allocation	2,977,438	-	-	-	-	2,977,438
At 31 December 2015	7,971,537	41,110,739	2,311,980	390,502	-	51,784,758
Carrying amount						
At 31 December 2015	18,290,980	71,667,615	777,387	1,588,726	280,852,697	373,177,406
At 1 January 2014	26,072,522	109,311,438	2,201,628	455,403	38,251,215	176,292,206
Additions	46,351	1,263,120	522,380	190,151	98,454,916	100,476,918
Disposals	-	(657,712)	(97,335)	(900)	-	(755,947)
At 31 December 2014	26,118,873	109,916,846	2,626,673	644,654	136,706,131	276,013,177
Depreciation						
At 1 January 2014	3,877,352	32,413,977	1,947,912	150,697	-	38,389,938
Charge for the year	516,870	4,450,308	125,844	52,881	-	5,145,903
Disposal	-	(639,311)	(43,960)	-	-	(683,271)
At 31 December 2014	4,394,222	36,224,974	2,029,796	203,578	-	42,852,570
Carrying amount						
At 31 December 2014	21,724,651	73,691,872	596,877	441,076	136,706,131	233,160,607

Information relating to property, plant and equipment:

Notes to the consolidated financial statements

for the year ended 31 December 2015

i) The property, plant and equipment are used as security for facilities provided by NBC Limited, Standard Chartered Bank Limited, Stanbic Bank Tanzania Limited and Government Employees Pension Fund. Refer to Note 27.

"ii) Capitalised borrowing costs:

The Group started the construction of a project referred to as TK2 for the approved construction of the Kiln number 2. The projected total cost for TK2 is TZS 275 billion. This project is expected to be completed in the first half of 2016. The carrying amount of TK2 at 31 December 2015 was TZS 274.6 billion (2014: TZS 132 billion).

The amount of borrowing costs capitalised during the year ended 31 December 2015 was TZS 22.3 billion (2014: TZS 3.6 billion). The borrowings are specific for the construction of TK2 and therefore all qualifying borrowing costs are capitalised. The capitalisation rate was 17% (2014: 1%).

iii) Included in plant and machinery at 31 December 2015 is TZS 3.7 billion (2014: TZS 4.6 billion) relating to the standby equipment or significant components thereof (insurance spares) moved from inventory to plant, machinery and equipment.

iv) Discrete assets that are fully used on TK2 but were already in the condition and location intended management were capitalized and depreciated. The depreciation amounting to TZS 66 million was capitalized as part of TK2 capital work in progress.

v) No item of Property, Plant and Equipment was temporarily idle/not in use as at 31 December 2015 (2014: NIL).

vi) At the date of acquisition, the fair values of Cement Distributors East Africa Limited (CDEAL)'s assets was considered to be equal to its carrying amount with the exception of land and buildings which was valued at TZS 3.4 billion above its carrying amount. This balance was included in the consolidated financial statements. During the year, impairment on the CDEAL CGUs was first allocated to goodwill (refer to note 17) and the remaining impairment of TZS 2.98 billion has been allocated to land and buildings as their recoverable amount is considered lower than their carrying amount prior to recognising the impairment.

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for the year ended 31 December 2015

16(b) PROPERTY, PLANT AND EQUIPMENT - COMPANY

	Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture Fittings & Equipment	Capital Work in Progress	Total
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
At 1 January 2015	20,890,595	109,741,978	1,765,904	420,768	136,706,132	269,525,378
Additions	143,644	4,084,379	581,715	997,889	144,080,506	149,888,133
Depreciation capitalised	-	-	-	-	66,059	66,059
Disposals	-	(102,746)	(29,342)	-	-	(132,088)
Insurance spares utilised	-	(887,823)	-	-	-	(887,823)
At 31 December 2015	21,034,239	112,835,789	2,318,277	1,418,657	280,852,698	418,459,659
Depreciation						
At 1 January 2015	4,027,326	36,043,198	1,241,301	103,017	-	41,414,842
Charge for the year	526,497	4,929,152	231,719	176,570	-	5,863,938
Disposals	-	(99,400)	(27,374)	-	-	(126,774)
At 31 December 2015	4,553,823	40,872,950	1,445,646	279,587	-	47,152,005
Carrying amount						
At 31 December 2015	16,480,416	71,962,839	872,631	1,139,069	280,852,698	371,307,653
At 1 January 2014	20,844,244	109,133,109	1,430,523	231,110	38,251,216	169,890,202
Additions	46,351	1,263,120	379,340	189,658	98,454,916	100,333,385
Disposals	-	(654,251)	(43,959)	-	-	(698,210)
At 31 December 2014	20,890,595	109,741,978	1,765,904	420,768	136,706,132	269,525,377
Depreciation						
At 1 January 2014	3,583,835	32,268,880	1,233,184	67,857	-	37,153,756
Charge for the year	443,491	4,413,629	52,077	35,160	-	4,944,357
Disposals	-	(639,311)	(43,960)	-	-	(683,271)
At 31 December 2014	4,027,326	36,043,198	1,241,301	103,017	-	41,414,842
Carrying amount						
At 31 December 2014	16,863,269	73,698,780	524,603	317,751	136,706,132	228,110,535

Refer to Note 16 (a) i - v) for further disclosures.

Notes to the consolidated financial statements

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	Group 2015 TZS' 000'	Group 2014 TZS' 000'	Company 2015 TZS' 000'	Company 2014 TZS' 000'
17. INTANGIBLE ASSETS				
(a) Computer software				
Cost	239,025	239,025	239,025	239,025
Accumulated amortisation	(239,025)	(239,025)	(239,025)	(239,025)
At 31 December	-	-	-	-
This was the initial installation cost for the accounting software which was capitalised in 2003 and amortised over six years. Subsequently, the Group pays annual licence and royalty fees for using the software and this was expensed in the respective year when incurred.				
Goodwill				
Cost				
At 1 January	7,444,384	7,444,384	-	-
Changes in goodwill	-	-	-	-
At 31 December	7,444,384	7,444,384	-	-
Impairment				
At 1 January	(6,872,398)	-	-	-
Impairment charge	(571,986)	(6,872,398)	-	-
At 31 December	(7,444,384)	(6,872,398)	-	-
Net carrying amount	-	571,986	-	-

The goodwill was acquired through business combinations whereby the fair value of the non-controlling interest in Cement Distributors (EA) Limited was estimated by computing the net present value of future cash flows from the subsidiary since it is not a listed Company and no market information was available for its share price.

The directors review the goodwill for impairment annually based on projected cash flows for the subsidiary as a single cash generating units. The discounting rate used for 2015 was the Weighted Average Cost of Capital (WACC) of 17.6% (pre-tax rate of 25.14%) [2014: WACC of 19% and pre-tax rate of 27%] and long term inflation of 6.4% (2014: 5.4%) was used as the basis for the long term projected performance of the subsidiary for a five-year plan. The Group reviewed its distribution model towards the end of 2013 financial year where cement sales through CDEAL were reduced to cater for the prevailing market conditions. This led to reduced CDEAL operations and thus reduced profits. The impairment testing performed during 2015 resulted into fully impairing the carrying amount of the goodwill of TZS 572 million (2014: TZS 6.9 billion).

The impairment assessment was done at a CDEAL level as goodwill was allocated at this level, consistent with the prior periods. The principle activity of CDEAL is distribution of cement produced by the Company. The recoverable amount was determined as the value-in-use at TZS 1.175 billion. The total impairment for the year was assessed as TZS 3.5 billion. Of this, TZS 0.57 billion was allocated to the remaining amount of goodwill and TZS 2.9 billion allocated to the CDEAL land and buildings value.

The most recent forecasts were used in the determination of the value in use. The forecasts used reflect past experience as adjusted to reflect subsequent changes in the business model of CDEAL and take into consideration relevant external and business environment factors like inflation, changes in the competitive landscape and the impact of changes in foreign exchange rates. The forecasts cover a period of five years and a projected long term growth rate of 7.4% (based on long term projected inflation rate of 6.4% and a premium of 1%) was used to determine the terminal value.

The intangible assets' titles are not restricted and the carrying amounts of the intangible assets have not been pledged as security for liabilities.

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18. EMPLOYEES' SHARE TRUST

Amount due from Employee Share Trust	1,853,782	-	1,853,782	-
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The amount was advanced to Tanga Cement Employees' Share Trust (the Trust), an independent entity, established by Tanga Cement Plc employees under Chapter 375 of laws of Tanzania to purchase shares of Tanga Cement Plc for the benefit of the Company's employees. The amount is due on demand from the Company's perspective.

From a Group perspective, the Employee Share Trust is a consolidated structured entity. The Trust has specifically been set up in order to facilitate the delivery of shares to the Company's employees. The Trust holds shares that may be allocated to employees in the future. The 546,600 shares held by the Trust are accounted for as treasury shares in the Group financial statements.

An option has been granted to certain employees to acquire 19,200 shares at a weighted average strike price of TZS 2,193 per share (which is the weighted average market value of the shares on the dates the shares were allocated to the employees). The options are fully vested and can be exercised at any time by the employees. There have been no further options granted to employees in respect of the remaining 527,400 shares held by the Trust.

18. INVESTMENT

	Group		Company	
	2015	2014	2015	2014
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
(a) Investment in subsidiary				
Cost				
At 1 January	-	-	11,596,812	11,596,812
Additional investment	-	-	-	-
At 31 December	-	-	11,596,812	11,596,812
Impairment				
At 1 January	-	-	(6,872,398)	-
Impairment	-	-	(2,977,438)	(6,872,398)
At 31 December	-	-	(9,849,836)	(6,872,398)
Net carrying amount	-	-	1,746,976	4,724,414

Tanga Cement Public Limited Company made a decision to change its distribution model due to changes in the market conditions, where a number of distributors are now used instead of using Cement Distributors (EA) Ltd as our major distribution company. This caused decreased CDEAL operations leading to reduced profit. After conducting an impairment test it was revealed that Tanga Cement Public Limited Company investment was impaired by TZS 2.98 billion (2014: TZS 6.87 billion). The board decided to recognise an impairment loss of the same amount to reflect the recoverable amount of the investment. Refer to Note 17(b) for other disclosures on the impairment.

(b) Investment in associate

Tanga Cement Plc owns 20% of the issued ordinary share capital of East African Rail Hauliers Limited (EARHL). The principle activity of the EARHL is the rail transportation of cement manufactured by Tanga Cement Plc in Tanzania. EARHL is a private entity that is not listed on any public exchange and there are no published price quotations for the fair value of this investment. The reporting date and reporting year of the EARHL are the same as those of the Group and both use uniform accounting policies.

Following the government initiative to re-invest in the railway transport, Tanga Cement Plc also invested an additional TZS 400 million into EARHL to boost its operations and increase efficiency. The Company and Group consistently apply the equity method of accounting to recognise the share of the results of the associate. In addition, the investment was tested for impairment and the testing revealed that no additional impairment above the share of the losses for of the associate of TZS 128 million (2014: NIL) was necessary. The share of losses was charged to the Group profit and the same amount was charged as an impairment loss to the Company profit.

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	Group 2015 TZS' 000'	2014 TZS' 000'	Company 2015 TZS' 000'	2014 TZS' 000'
At 1 January	531,875	131,875	531,875	131,875
Additional investment	-	400,000	-	400,000
At 31 December	531,875	531,875	531,875	531,875
Impairment and share of losses				
At 1 January	131,875	131,875	131,875	131,875
Impairment charge for the year	-	-	128,288	-
Share of losses of associate	128,288	-	-	-
At 31 December	260,163	131,875	260,163	131,875
Net carrying amount	271,712	400,000	271,712	400,000

The share of losses for the current year of TZS 128 million includes TZS 18.31 million relating to the unrecognised share of losses for 2014.

The impairment assessment was done at EARHL as a single cash generating unit consistent with the prior periods. The recoverable amount was determined as the value-in-use at TZS 272 million using a discounting rate of 17.6% (pre-tax rate of 25.14%). The total impairment for the year was assessed as TZS 128 million and the entire amount allocated to the carrying amount of the investment in the Company financial statements. No impairment was necessary in the Group financial statements since the carrying amount of the investment has already been reduced to the recoverable amount by the share of losses of the associate.

The most recent forecasts were used in the determination of the value in use. The forecasts used reflect past experience as adjusted to reflect subsequent changes in the business model of EARHL and take into consideration relevant external and business environment factors like inflation, changes in the competitive landscape and the impact of changes in foreign exchange rates. The forecasts cover a period of three years and a projected long term growth rate of 7.4% (based on long term projected inflation rate of 6.4% and a premium of 1%) was used to determine the terminal value.

	Group 2015 TZS' 000'	2014 TZS' 000'
Summary of financial results for the associate:		
	Unaudited	Audited
Revenue	4,192,329	3,106,461
Direct expenses	(3,193,830)	(2,323,186)
Administrative expenses	(1,548,389)	(874,825)
Loss before tax	(549,890)	(91,550)
Income tax	-	-
Loss for the year	(549,890)	(91,550)
Other comprehensive income	-	-
Total comprehensive loss for the year	(549,890)	(91,550)
Percentage held	20%	20%
Share of losses	(109,978)	(18,310)
Summary of financial position:		
Total current assets	702,850	1,418,751
Total non current assets	842,798	32,398
Total current liabilities	(1,235,729)	(591,340)
Net assets	309,920	859,809
Issued capital	2,659,375	2,659,375
Accumulated losses	(2,349,455)	(1,799,566)
Total equity	309,920	859,809

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The 2015 balances are determined from the latest unaudited financial statements (2014 - audited). The Group has no other commitments, provisions or contingencies associated with the associate.

(c) Other disclosures on interests in other entities

There are no significant restrictions on the ability of the Group to access or use the assets and settle liabilities of investees. There are no protective rights of non-controlling interests since the Group has no non-controlling interest.

There were no changes in ownership of the investees during the year (2014: None) and the Group has no interests in unconsolidated subsidiaries or structured entities. There are no contingent liabilities in relation to the interest in the associate (2014: None).

The Company has issued a letter of support guaranteeing financial support for CDEAL, if necessary.

20. FINANCIAL ASSET - INTEREST RATE CAP

The Company entered into an Interest Rate Cap (IRC) contract with Standard Chartered Bank Limited to mitigate the volatility of the interest rate on the borrowing facility of USD 45,000,000 for a period of 12 years. The effective date of commencement of the IRC was 27 June 2014. The premium paid was USD 6,690,000 with a floating rate of 6 months USD Libor capped at 2%. Hedge accounting has not been adopted for the IRC instrument as the hedging arrangements did not meet the criteria for hedge accounting stipulated in IAS 39 Financial Instruments: Recognition and Measurement..

	Group 2015 TZS' 000'	2014 TZS' 000'	Company 2015 TZS' 000'	2014 TZS' 000'
At 1 January	7,867,067	-	7,867,067	-
Premium paid	-	11,462,94	-	11,462,941
Fair value loss	(1,843,682)	(3,679,873)	(1,843,682)	(3,679,873)
Foreign exchange gain	1,606,368	83,999	1,606,368	83,999
At 31 December	7,629,752	7,867,067	7,629,752	7,867,067

The following table includes the fair value measurement hierarchy of the IRC which is the only financial instrument held by the Group and Company that is measured at fair value:

Fair value measurement as at 31 December 2015:

Interest rate Cap valuation	Date	USD	TZS '000'
Valuation	01 Jan 2015	4,557,976	7,867,067
Loss on fair value		(1,006,811)	(1,843,682)
Balance after fair value adjustment	31 Dec 2015	3,551,165	6,023,384
Valuation	31 Dec 2015	3,551,165	7,629,752
Exchange rate gain on valuation	31 Dec 2015		1,606,368

Fair value measurement as at 31 December 2014:

Interest rate Cap valuation	Date	USD	TZS '000'
Premium paid	30 June 2014	6,690,000	11,462,941
Fair value	31 Dec 2014	4,557,976	7,783,068
Loss on fair value		2,132,024	3,679,873
FX valuation at year end	31 Dec 2014	4,557,976	7,867,067
Exchange rate gain on valuation	31 Dec 2014		83,999

Refer to Note 39 for further disclosures on fair value.

Notes to the consolidated financial statements

for the year ended 31 December 2015

	Group 2015 Tzs' 000'	Group 2014 Tzs' 000'	Company 2015 Tzs' 000'	Company 2014 Tzs' 000'
21. INVENTORIES				
Raw materials (at cost)	6,038,772	5,051,973	6,038,772	5,051,973
Semi finished and finished products (at cost)	16,365,945	12,438,881	15,466,458	12,202,510
Fuels (at cost)	4,606,774	6,298,041	4,606,774	6,298,041
Parts and consumables (at cost)	17,115,951	17,239,129	17,115,951	17,239,129
Goods in transit	-	425,869	-	-
	44,127,444	41,453,893	43,227,957	40,791,653
Provision for obsolete stocks	(6,003,555)	(5,277,295)	(6,003,555)	(5,277,295)
Total inventories at the lower of cost and net realisable value	38,123,889	36,176,598	37,224,402	35,514,358
Movement in the provision for obsolete stocks				
At 1 January	5,277,295	5,192,437	5,277,295	5,192,437
Charge for the year	726,260	84,858	726,260	84,858
At 31 December	6,003,555	5,277,295	6,003,555	5,277,295

Obsolete stock provision is computed on all unused spare parts for a period above one year percentage wise.

The charge for the year is recognised as part of cost of sales. The table below indicates how the provision was arrived at:

Calculation for the provision for obsolete inventories as at 31 December 2015	Amount	% Provision	TZS000's Provision
Stock with no movement for past 1 year	2,415,725	30%	724,718
Stock with no movement for past 2 years	1,025,482	50%	512,741
Stock with no movement for past 3+ years	5,957,620	80%	4,766,096
Total	9,398,827		6,003,555
The provisioning rates are based on the directors' experience of the rate at which spare parts are written off.			
Calculation for Provision for Obsolete Stocks as at 31 December 2014			
	Amount	% Provision	TZS 000's Provision
Stock with no movement for past 1 year	1,969,204	30%	590,761
Stock with no movement for past 2 years	1,322,457	50%	661,229
Stock with no movement for past 3+ years	5,031,632	80%	4,025,305
Total	8,323,293		5,277,295

During 2015, TZS NIL (2014: TZS NIL) was recognised as an expense for inventories carried at net realisable value. The cost of inventories recognised as an expense and included in 'cost of sales' in the Group consolidated statement of comprehensive income amounted to TZS 74.8 million (2014: TZS 91.4 million).

The unrealised profit for the year in inventories held by the subsidiary was TZS 205 million (2014: TZS 283 million).

The carrying amount of inventories has been pledged as security for overdraft facilities. Refer to Note 27.

Notes to the consolidated financial statements

for the year ended 31 December 2015

	Group 2015 Tzs' 000'	Group 2014 Tzs' 000'	Company 2015 Tzs' 000'	Company 2014 Tzs' 000'
22. TRADE AND OTHER RECEIVABLES				
Trade receivable	4,694,926	7,012,559	5,830,028	4,303,528
Advances to suppliers	-	75,824	-	-
Prepaid expenses	2,629,552	10,514,001	2,494,522	18,999,705
Other receivables	532,970	445,792	508,551	445,792
Provision for impairment of receivables	(80,595)	(91,368)	(74,846)	(91,368)
Total	7,776,853	17,956,808	8,758,254	23,657,657
Movement in the provision for impairment				
At 1 January	91,368	-	91,368	-
Increase in provision	5,749	91,368	-	91,368
Write off/recoveries	(16,522)	-	(16,522)	-
At 31 December	80,595	91,368	74,846	91,368

The Company provision for impairment relates to advance paid for Mivumoni biofarm project.

Trade receivables are non-interest bearing and are generally on 30 day terms. As at 31 December 2015 and 31 December 2014, no receivables were impaired as there is no history of default and the effect of the time value of money is not significant.

Days sales outstanding for 2015 were 12 days (2014: 9 days).

The ageing analysis of trade receivables was as follows:

Up to 30 days	963,473	3,673,932	967,184	1,678,040
31 -60 days	243,724	2,804,599	1,313,969	36,972
61-90 days	2,567,666	208,419	2,655,479	2,484,420
Over 91 days	925,812	325,610	893,397	104,096
At 31 December	4,700,675	7,012,559	5,830,029	4,303,528

For details on the Company and Group's credit risk management processes and the carrying amounts of the Company and Group's trade and other receivables which are denominated in different currencies refer to Note 35.

Other classes within trade and other receivables do not contain impaired assets. The carrying amounts of the above receivables approximate to their fair values as a result of them being short term in nature and there is no additional credit risk that needs to be factored in that has not already been included as per the impairment allowance.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company and Group does not hold any collateral as security for the trade and other receivables.

23. VAT RECOVERABLE

At 1 January	525,566	1,701,614	-	-
Net input VAT for the year	16,983,726	1,431,607	16,983,726	-
Amounts received/utilised during the year	(489,925)	(2,607,655)	-	-
At 31 December	17,019,367	525,566	16,983,726	-

The VAT recoverable will be utilised to offset future output VAT.

Where not recoverable through this mechanism the amount is claimable for refund from the revenue authority.

24. CASH AND BANK BALANCES

Cash at banks and on hand	24,339,787	20,059,861	23,297,360	19,174,756
Total	24,339,787	20,059,861	23,297,360	19,174,756

The carrying amounts disclosed above reasonably approximate fair values at the reporting date.

No amount of cash and cash equivalent was held but not available for use as at 31 December 2015 and 31 December 2014.

Notes to the consolidated financial statements

for the year ended 31 December 2015

The cash and cash equivalents position for the purpose of the statement of cash flow is as follows:

	Group 2015 Tzs' 000'	Group 2014 Tzs' 000'	Company 2015 Tzs' 000'	Company 2014 Tzs' 000'
Cash and cash equivalents as above	24,339,787	20,059,861	23,297,360	19,174,756
Bank overdraft (Note 27b)	(6,047,195)	(9,259,865)	(6,047,195)	(9,259,865)
Net cash and cash equivalent	18,292,591	10,799,996	17,250,164	9,914,891

Company undrawn borrowing facilities - overdraft facilities

Standard Chartered Bank	6,192,137	1,283,040	6,192,137	1,283,040
National Bank of Commerce	17,760,668	19,596,027	17,760,668	19,596,027

25. ISSUED CAPITAL

(a) Authorised

63,671,045 Ordinary shares of TZS 20 each	1,273,421	1,273,421	1,273,421	1,273,421
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Issued and fully paid

63,671,045 Ordinary shares of TZS 20 each	1,273,421	1,273,421	1,273,421	1,273,421
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There were no movements in the share capital of the Company during the year. The Company has only one class of ordinary shares which carries no right to fixed income. The ownership structure is as set out as below.

The proportion of shareholding is as follows:	%	%	%	%
AfriSam (Mauritius) Investment Limited	68.30	66.6	68.30	66.6
Tanga Cement Employee Share Trust	0.86	0.8	0.86	0.8
General public	30.84	32.6	30.84	32.6
	100.00	100.00	100.00	100.00

26. PROVISION FOR QUARRY SITE RESTORATION

At 1 January	101,577	73,449	101,577	73,449
Addition provision during the year	44,025	28,128	44,025	28,128
At 31 December	145,602	101,577	145,602	101,577

Provision for quarry site restoration is made annually in equal instalments, currently based on the expert costing prepared in 2005 and annually. The provision is assessed annually by management and new cost estimates are prepared by external specialist consultants every five years. Any increase/(decrease) in the provision is recognised in profit or loss.

The key assumptions used in determining the provision are:

- The useful life of the quarry is estimated to be 50 years and the provision is made based on an assumption of immediate closure of the quarry.
- The mine is of medium risk and medium sensitivity
- Tanzania inflation rate used was 6.1%

27. INTEREST - BEARING BORROWINGS

The details of external borrowing facilities of Tanga Cement Public Limited Company as at the end of year are as set out below:

(a) Government Employees Pension Fund (GEPF)

GEPF is managed by The Public Investment Corporation SOC Limited (PIC) as agent and security trustee for the South African GEPF.

Notes to the consolidated financial statements

for the year ended 31 December 2015

At 1 January	49,227,558	-	49,227,558	-
Proceeds received	116,742,350	48,727,410	116,742,350	48,727,410
Interest accrued	6,689,529	366,993	6,689,529	366,993
Foreign exchange difference	32,133,164	133,154	32,133,164	133,154
At 31 December	204,792,600	49,227,558	204,792,600	49,227,558
Less: Current portion	(7,430,069)	(366,993)	(7,430,069)	(366,993)

Non current portion	197,362,531	48,860,564	197,362,531	48,860,564
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Facility	Loan type	Interest rate	Maturity	2015	2014
"USD 60 million PIC term loan A and USD 52 million PIC term loan B"			By September 2026	103,615,740	48,727,410
2015: \$60,000,000 (2014: \$ 27,000k)	Loan A	6 months US Libor +3.9%	By September 2025	62,027,251	-
2015: \$ 31,859,822 (2014: NIL)	Loan B	6 months US Libor +4.5%	Fx revaluation at year end	31,719,541	133,154
Total				197,362,532	48,860,564

The final dividend for 2014 will be proposed for approval by shareholders at the company's annual general meeting and is not recognised as a liability as at 31 December 2014. Any dividends not claimed after seven years will be rescinded.

	USD	Repayment/ Settlements terms	USD	Interest rate
Available facilities	60,000,000	By September 2026	60,000,000	6m US Libor +4.5%
Term Loan (Facility A)	52,000,000	By September 2025	52,000,000	6m US Libor +4.5%
Term Loan (Facility B)	30,000,000	By September 2025	30,000,000	
Term Loan (Facility C)	142,000,000		142,000,000	

Facility C was not utilised during the year. The purpose of the term loan is to fund the construction of a new kiln for the production of 750,000 tons of clinker per annum. The specific terms and conditions are as follows:

- (i) All three facilities have a three year grace period for repayments, during which only interest will be paid.
- (iii) All three facilities are repayable in equal six-monthly instalments after the initial grace period.
- (iii) Drawings must be in minimum amounts of USD 500,000 or the remaining amount of funds available.
- (iv) The borrower may, with the agreement of the lender and on 30 days notice, make early repayments with a minimum value of USD 2,500,000.
- (v) Early repayments under facility C will attract penalties equal to 2% of the amount repaid early.
- (vi) Amounts repaid early are not available for re-borrowing.

Security pledged

- (i) Secured by fixed and floating assets shared with National Bank of Commerce (NBC) Limited and Standard Chartered Bank Tanzania Limited on pari passu basis.
- (ii) Legal Mortgage over Title No. 1802 registered in name of Tanga Cement Factory, Maweni.
- (iii) Legal Mortgage over Title No. 33155 registered in name of Tanga Cement Factory, Pongwe.
- (iv) Legal Mortgage over Title No. 33049 registered in name of Tanga Cement Factory, Raskazone.

The Company obtained a waiver from the lender to defer payment of interest until after year-end. No interest payments fell due in 2014.

Notes to the consolidated financial statements

(b) Bank overdraft facilities

Standard Chartered Bank Tanzania Limited	3,807,863	8,727,342	3,807,863	8,727,342
National Bank of Commerce Limited (NBC)	2,239,332	532,523	2,239,332	532,523
Total	6,047,195	9,259,865	6,047,195	9,259,865

Standard Chartered Bank Tanzania Limited

Details	Amount	Repayment/ Settlements terms	Interest rate
Overdraft facility (TZS '000)	10,000,000	On demand	12 months T-Bill +2.20% per annum

Security held by the bank

- (i) Secured by fixed and floating assets shared with National Bank of Commerce Limited and GEPF on a pari passu basis.
(ii) Legal Mortgage over Titles No. 1802, 33155, 33049 registered in name of Tanga Cement Factory, shared pari passu with National Bank of Commerce Limited and GEPF.

Interest rate

The overdraft bears a rate of interest of 1 year treasury bill rate plus 2.2% (2014: 1 year treasury bill rate plus 2.2% per annum), charged every month on the daily outstanding amount. It's agreed that, the Bank is entitled to vary the rate of interest provided that due notice shall be given to the Company. All funding agreements share in the same intercredit agreement with GEPF.

National Bank of Commerce Limited (NBC)

	Amount	Repayment/ Settlements terms	Facility
Overdraft facility (TZS '000)	20,000,000	On demand	12 months T-Bill +2.5% per annum

Security held by the bank

- (i) Secured by fixed and floating assets shared with Standard Chartered Bank Tanzania Limited and GEPF on a pari passu basis;
(ii) Legal Mortgage over Titles No. 1802, 33155, 33049 registered in the name of Tanga Cement Factory, shared pari passu with Standard Chartered Bank Tanzania Limited and GEPF.

Interest rate

The overdraft bears a rate of interest of 1 year treasury bill rate plus 2.5% (2014: 1 year treasury bill rate plus 2.5%), charged every month on the daily outstanding amount. It's agreed that, the Bank is entitled to vary the rate of interest provided that due notice shall be given to the Company.

	Group 2015 Tzs' 000'	Group 2014 Tzs' 000'	Company 2015 Tzs' 000'	Company 2014 Tzs' 000'
28 TRADE AND OTHER PAYABLES				
Trade accounts payable	12,953,891	4,830,112	11,552,810	939,181
Advances from customers	989,925	2,008,010	989,925	1,298,215
Freight and duty clearing	793,346	1,038,158	793,346	1,038,158
Dividend payable	1,647,018	1,631,358	1,647,018	1,631,358
Accrued expenses	6,781,090	9,546,547	6,781,090	9,291,122
Contract retention	28,555,282	8,947,844	28,555,282	8,947,844
Other payables	2,537,775	17,070,907	2,537,775	24,646,228)
Total	54,258,328	45,072,935	52,857,246	47,792,106

Notes to the consolidated financial statements

for the year ended 31 December 2015

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled between 15 to 45 days after date of invoice.
- Advances from customers are non-interest bearing and have an average term of 30 days.
- Other payables are non-interest bearing and have an average term of three to six months. The majority of the liabilities relates to Kiln 2 project.
- Contract retention relates to liabilities for Kiln 2 project which are to be settled after commissioning.
- For terms and conditions relating to related parties, refer to Note 32.

The carrying amounts of the above trade and other payables approximate to their fair values due to the short term nature of the financial liabilities.

	Group 2015 Tzs' 000'	Group 2014 Tzs' 000'	Company 2015 Tzs' 000'	Company 2014 Tzs' 000'
29 CASH GENERATED FROM OPERATING ACTIVITIES				
Reconciliation of profit before tax to cash flow from operating activities:				
Operating profit	19,900,373	39,751,784	19,866,008	38,071,923
Adjusted for non cash movement:				
Depreciation (Note 10)	5,978,005	5,145,903	5,797,879	4,944,357
Impairment charge	3,549,424	6,872,398	3,105,726	6,872,398
Loss/(gain) on sale of property, plant & equipment	1,076	(124,387)	1,076	2,210
Site restoration provision	44,025	28,128	44,025	28,128
Insurance spares utilised	887,823	-	887,823	-
Operating profit before working capital changes	30,360,726	51,673,825	29,702,537	49,919,016
Increase in inventories	(1,947,291)	(14,083,452)	(1,710,044)	(15,257,177)
Decrease/(increase) in trade and other receivables	10,179,955	(13,061,464)	14,899,403	(14,243,078)
(Increase)/decrease in VAT recoverable	(16,493,801)	2,607,655	(16,983,726)	-
Increase in trade, other payables & due from Employee Share Trust	7,331,611	26,777,265	3,211,358	33,184,631
Cash generated from operating activities	29,431,200	53,913,830	29,119,528	53,603,392

30 DIVIDEND PAID AND PROPOSED	Group		Company	
	2015	2014	2015	2014
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Dividend paid during the year				
Dividends on ordinary shares:				
Final dividend 2014: TZS 65 per share (2013: TZS 60 per share)	4,138,618	3,820,263	4,138,618	3,820,263
Interim dividend 2015: TZS 55 per share (2014: TZS 55 per share)	3,501,907	3,490,907	3,501,907	3,490,907
	7,640,525	7,311,170	7,640,525	7,311,170

Where required by law, dividends paid are subject to withholding tax which is payable to the Tanzania Revenue Authority.

Notes to the consolidated financial statements

for the year ended 31 December 2015

Subsequent to year-end, the Board proposed a final dividend for 2015 totalling TZS 1,592 million (2014: TZS 4,139 million) being TZS 25 per share (2014: TZS 65 per share). The total dividend proposed for the year amounts to TZS 5,094 million (TZS 80 per share) [2014: TZS 7,630 million (TZS 120 per share)]. The final dividend for 2015 will be proposed for approval by shareholders at the Company's Annual General Meeting and is not recognised as a liability as at 31 December 2015. Any dividends not claimed after seven years are rescinded.

31 OPERATING LEASES

During the year the Company and Group entered into operating lease agreements for a number of properties, under which the minimum lease payments are as follows:

Commitments expiring in:

- Within one year	1,331,385	1,323,258	791,881	713,757
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The Group and Company have no significant leasing arrangements with restrictions or purchase options (2014: None).

During the year, the Company charged TZS 792 million (2014: TZS 714 million) while the Group charged TZS 1,331 million (2014: TZS 1,324 million) as expenses to profit in respect of these leases.

32 RELATED PARTY DISCLOSURES

Refer to Note 38 for the disclosures on the ultimate holding company.

(a) Sales to related parties

The Company sells some of its products to related companies. The transactions with the related companies which were at arm's length were as follows:

	Related party		Relationship		
Cement Distributors (E.A) Limited	Subsidiary	-	-	23,465,925	52,123,276
East African Rail Hauliers Limited	Associate	-	7,005	-	7,005

(b) Purchases from related parties

The Group purchases services from related party companies as follows:

	Related party		Relationship		
CDEAL - Transportation services	Subsidiary	-	-	4,251,597	9,476,248
CDEAL - Marketing services	Subsidiary	-	-	900,000	1,200,000
AfriSam South Africa Properties (Pty) Ltd	Shareholder	1,857,343	1,522,102	1,857,343	1,522,102
PIC (GEPE) - interest expense	Shareholder	7,063,076	366,993	7,063,076	366,993
Abbasi Exports Limited	Common shareholding	-	1,944,492	-	1,944,492
East African Rail Hauliers Limited	Associate	646,071	1,432,520	646,071	1,432,520

The Group utilises services of its associate, East African Rail Hauliers Limited, for the transportation of cement to upcountry markets at agreed rates. East African Rail Hauliers Limited is a Company in which Tanga Cement Company Limited owns 20% of the issued share capital. The Company commenced operations in December 2004. Its business is to provide rail services to Tanga Cement Company Limited for the transportation of cement in Tanzania according to a commercial contract signed between the two parties. There were no transactions between East African Rail Hauliers in the recent years until the fourth quarter of 2014 when the rail transport got initiatives from the government.

AfriSam (Mauritius) Investment Holdings Limited is the holding company which owns the majority of the shares in Tanga Cement Plc through AfriSam South Africa Properties (Pty) Limited. There were no transactions between AfriSam (Mauritius) Investment Holdings Limited and the Company during the year (2014: Nil).

STRENGTH WITHIN

Notes to the consolidated financial statements

for the year ended 31 December 2015

32 RELATED PARTY DISCLOSURES(Cont)

(c) Key management personnel

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

	Group 2015 Tzs' 000'	Group 2014 Tzs' 000'	Company 2015 Tzs' 000'	Company 2014 Tzs' 000'
Compensation for key management personnel				
Short-term employee benefits (salary)	3,213,023	3,031,386	2,149,363	1,817,703
Post-employee benefits (Defined contribution plans)	285,551	196,193	225,311	148,223
	3,498,574	3,227,579	2,374,673	1,965,926

The amounts disclosed in the table above are the amounts recognised as expenses during the reporting period related to key management personnel. As at 31 December 2015, there was no outstanding amount with key management personnel (2014: Nil).

Directors' emoluments

Non-executive Chairman	38,845	24,260	38,845	24,260
Non-executive Directors	136,426	101,745	136,426	101,745
Executive Directors (included in key management personnel above)	965,777	961,008	965,777	961,008
	1,141,048	1,087,013	1,141,048	1,087,013

As at 31 December 2015, there were no outstanding balance with the directors (2014: Nil).

(d) Amounts due to/from related parties

Balances outstanding at the end of the year to and from related companies are as follows:

Due related parties				
Employee share trust	-	-	1,853,782	-
Cement Distributors (EA) Limited	-	-	3,242,023	3,596,361

(d) Due to related companies

Cement Distributors (EA) Limited	-	-	497,220	1,723,498
East African Rail Hauliers Limited	60,180	109,211	60,180	73,103
Government Employees Pension Fund - PIC loan	204,792,600	49,227,557	204,792,600	49,227,557
AfriSam South Africa (Pty) Limited	366,496	196,416	366,496	196,416

Tanga Cement Public Limited Company did not pay any group fee to the holding company, AfriSam Group (Pty) Limited. The amount due to AfriSam South Africa (Pty) Limited, the holding company, relates to reimbursable expenses incurred on behalf of Tanga Cement Public Limited Company. The amount due to CDEAL relates to various services provided to Tanga Cement Public Limited Company.

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. At 31 December 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2014:Nil). This assessment is undertaken at the end of each financial year though examining the financial position of the related party and the market in which the related party operates.

33. CAPITAL COMMITMENTS

As at the reporting date, the Group had the following capital commitments:

Approved and contracted for :

Other capital projects	7,633,385	2,152,503	7,633,385	2,152,503
Expansion - new kiln project	53,120,511	54,485,073	53,120,511	54,485,073

Notes to the consolidated financial statements

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34 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Group and Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt bank overdrafts, interest-bearing borrowings, trade and other payables less cash and cash equivalents, excluding discontinued operations. Capital includes issued and fully paid share capital (including any treasury shares), retained earnings and other reserves.

	Note				
Bank overdrafts	27(b)	6,047,195	9,259,865	6,047,195	9,259,865
Interest-bearing loans and borrowings	27(a)	204,792,600	49,227,557	204,792,600	49,227,557
Trade and other payables	28	54,258,328	45,072,935	52,857,246	47,792,106
Less: Cash and bank balances	24	(24,339,787)	(20,059,861)	(23,297,360)	(19,174,756)
Net debt		240,758,336	83,500,496	240,399,681	87,104,772
Total capital		189,629,479	190,795,100	191,592,337	190,699,701
Capital and net debt		430,387,815	274,295,596	431,992,018	277,804,473
Gearing ratio		56%	30%	56%	31%

Capital includes issued and fully paid up Ordinary share retained Earnings and translation reserves.

The Group and Company's policy is to maintain a gearing ratio of between 20% to 70%. The Group and Company gearing ratio increased to 56% as of 31 December 2015 (2014: Group - 30%, Company - 31%) due to drawdowns of USD 91.8 million on the GEPF loan to finance expenditure on the Kiln 2 project.

As indicated in Note 16 of the Directors' Report, as at year-end, the Company was not in compliance with the Debt: EBITDA ratio required in the PIC loan borrowing agreement. This was mainly because of the decrease in EBITDA and increase in the debt amount following the drawdowns made during 2015. The loan does not become repayable on demand because of this. The Company is discussing with the lender a waiver for this ratio.

35 FINANCIAL RISK MANAGEMENT

The Company and Group's principal financial liabilities are comprised of interest bearing loans, bank overdrafts and trade and other payables. The Company and Group do not enter into derivative transactions for trading purposes. The main purpose of these financial liabilities is to raise finance for the Company and Group's operations. The Company and Group has various financial assets such as trade and other receivables and cash and bank balances, which arise directly from its operations, and a derivative financial asset (interest rate cap) which is a hedging instrument against interest rate fluctuations on the GEPF loan.

The main risks arising from the Company and Group's financial instruments are liquidity risk, market risk and credit risk. Market risk comprises interest rate risk, foreign exchange risk and price risk. The Company and Group do not have significant exposure to price risk since no price sensitive financial instruments are held.

Policies are reviewed and agreed upon at Company and Group level in order to manage the financial risks as summarised below:

Notes to the consolidated financial statements

for the year ended 31 December 2015

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risks: interest rate risk and currency risk.

The sensitivity analysis in the following sections relate to the positions as at 31 December in 2015 and 2014. The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant at year-end. The analysis excludes the impact of movements in market variables on provisions and non-financial instruments.

The following assumption has been made in calculating the sensitivity analysis:

- The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks.

Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company and Group's exposure to the risk of changes in market interest rates relates primarily to the long term debt obligations and overdraft facilities with floating interest rates.

To manage the interest rate risk on the long term loan, the Company entered into an interest rate cap arrangement with Standard Chartered Bank which caps the floating USD 6 months libor at 2%. The interest rate cap agreement with the bank is for a period of 12 years and covers the first USD 45 million of the total principle amount owing of USD 91.8 million resulting in an unhedged debt amount of USD 46.8 million (51% of the principle term loan debt). The premium paid upfront for the interest rate cap was USD 6.7 million.

The Group has used a sensitivity analysis technique that measures the estimated change before tax to profit of an instantaneous increase and decrease of 100 basis points in market interest rates on financial liabilities with all other variables remaining constant. The calculations were determined with reference to the total unhedged outstanding term loan balances for the year. This represents no change from the prior period in the method and assumptions used. This analysis is for illustrative purposes only and represents management's best estimate of a reasonably possible change in market interest rates in the medium term. Although market indicators are that interest rates are more likely to increase, both a 1% increase and a 1% decrease have been included for purposes of comparative sensitivity analysis.

2015 Group and Company - TZS '000'	Effect on PBT of a 1% decrease	Effect on PBT of
a 1% increase		
Interest bearing term loan	(1,006,791)	1,006,791
Bank overdraft	(60,472)	60,472
2014 Group and Company - TZS '000'	Effect on PBT of a 1% increase	Effect on PBT of a 1% decrease
Interest bearing term loan	(488,606)	488,606
Bank overdraft	(92,599)	92,599

The Company's investments in interest bearing bank deposits are mainly on negotiated fixed interest rates.

The table below summarises the Group and Company's exposure to interest rate risk. Included in the table are the Group and Company's financial instruments at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

Notes to the consolidated financial statements

for the year ended 31 December 2015

			2015 Tzs' 000'	Group 2014 Tzs' 000'	2015 Tzs' 000'	Company 2014 Tzs' 000'
	On demand TZS' 000'	1 - 12 months TZS' 000'	1 - 5 years Tzs' 000'	> 5 years Tzs' 000'	Non interest bearing TZS' 000'	Total TZS' 000'
Group						
At 31 December 2015						
Financial assets						
Financial asset - Interest rate cap	-	-	-	-	7,629,752	7,629,752
Trade and other receivables	-	-	-	-	5,147,301	5,147,301
Cash and bank balances	-	7,082,162	-	-	17,257,625	24,339,787
	-	7,082,162	-	-	30,034,678	37,116,840
Financial liabilities						
Term borrowings: Non current portion	-	-	85,642,430	111,720,101	-	197,362,531
Term borrowings: Current portion	-	-	-	-	7,430,069	7,430,069
Trade and other payables	-	-	-	-	54,258,328	54,258,328
Bank overdrafts	6,047,195	-	-	-	-	6,047,195
	6,047,195	-	85,642,430	111,720,101	61,688,397	265,098,123
Net exposure	(6,047,195)	7,082,162	(85,642,430)	(111,720,101)	(31,653,719)	(227,981,283)
At 31 December 2014						
Financial assets						
Financial asset - Interest rate cap	-	-	-	-	7,867,067	7,867,067
Trade and other receivables	-	-	-	-	7,442,807	7,442,807
Cash and bank balances	-	10,779,394	-	-	9,280,467	20,059,861
	-	10,779,394	-	-	24,590,342	35,369,735
Financial liabilities						
Term borrowings: Non current portion	-	-	-	48,860,564	-	48,860,564
Term borrowings: Current portion	-	-	-	-	366,993	366,993
Trade and other payables	-	-	-	-	-	45,072,935
	-	-	-	-	-	45,072,935
Bank overdrafts	9,259,865	-	-	-	-	9,259,865
	9,259,865	-	48,860,564	-	45,439,928	103,560,357
Net exposure	(9,259,865)	10,779,394	(48,860,564)	-	(20,849,586)	(68,190,622)

Notes to the consolidated financial statements

for the year ended 31 December 2015

			2015 Tzs' 000'	Group 2014 Tzs' 000'	2015 Tzs' 000'	Company 2014 Tzs' 000'
	On demand TZS' 000'	1 - 12 months TZS' 000'	1 - 5 years Tzs' 000'	> 5 years Tzs' 000'	Non interest bearing	Total TZS' 000'
				TZS' 000'		
Company						
At 31 December 2015						
Financial assets						
Financial asset - Interest rate cap	-	-	-	-	7,629,752	7,629,752
Trade and other receivables	-	-	-	-	6,263,732	6,263,732
Cash and bank balances	-	7,082,162	-	-	16,215,198	23,297,360
	-	7,082,162	-	-	30,108,682	37,190,844
Financial liabilities						
Term borrowings: Non current portion	-	-	85,642,430	111,720,101	-	197,362,531
Term borrowings: Current portion	-	-	-	-	7,430,069	7,430,069
Trade and other payables	-	-	-	-	52,857,246	52,857,246
Bank overdrafts	6,047,195	-	-	-	-	6,047,195
	6,047,195	-	85,642,430	111,720,101	60,287,315	263,697,041
Net exposure	(6,047,195)	7,082,162	(85,642,430)	(111,720,101)	30,178,633	(226,506,197)
At 31 December 2014						
Financial assets						
Financial asset - Interest rate cap	-	-	-	-	7,867,067	7,867,067
Trade and other receivables	-	-	-	-	4,657,952	4,657,952
Cash and bank balances	-	10,779,394	-	-	8,395,362	19,174,756
	-	10,779,394	-	-	20,920,382	31,699,775
Financial liabilities						
Term borrowings: Non current portion	-	-	48,860,564	-	-	48,860,564
Term borrowings: Current portion	-	-	-	-	366,993	366,993
Trade and other payables	-	-	-	-	47,792,106	47,792,106
Bank overdrafts	9,259,865	-	-	-	-	9,259,865
	9,259,865	-	48,860,564	-	48,159,099	106,279,528
Net exposure	(9,259,865)	10,779,394	(48,860,564)	-	(27,238,717)	(74,579,753)

Notes to the consolidated financial statements

for the year ended 31 December 2015

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company and Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities, when expenses are denominated in a different currency from the Company and Group's functional currency.

Foreign currency risk is managed at an operational level and monitored by the Chief Financial Officer. Exposure to losses from foreign currency liabilities is managed through prompt payment of outstanding liabilities and matching of receipts with payments in the same currencies.

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

	Increase/ (decrease) in the value of TZS vs. USD	"Effect on profit and equity TZS'000"	Increase/ (decrease) in the value of TZS vs. USD	"Effect on profit and equity TZS'000"
Net effect based on statement of financial position	+10%	(18,569,612)	10%	6,818,752
Net effect based on statement of financial position	-10%	18,054,511	-10%	(6,818,752)

The Company and Group sensitive analysis has been determined based on net transaction exposure as at year-end. A change in 10% is used when the net foreign currency transaction risk reported internally to key management personnel to assess reasonably possible change in foreign exchange rates.

The various currencies to which the Company and Group was exposed as 31 December 2015 and 2014 are summarised in the table below (All amounts expressed in TZS '000).

	Exposure in USD	Group - At 31 December 2015		Total in functional currency
		Exposure in EURO	Exposure in ZAR	
Financial assets				
Financial asset - Interest rate cap	7,629,752	-	-	7,629,752
Trade and other receivables	1,786,404	-	-	1,786,404
Cash and bank balances	18,472,348	351,328	86,813	18,910,488
	27,888,504	351,328	86,813	28,326,645
Financial liabilities				
Bank overdrafts	-	-	-	-
Interest bearing loans	204,792,600	-	-	204,792,600
Trade and other payables	6,216,521	91,814	278,029	6,586,364
	211,009,121	91,814	278,029	211,378,964
Net exposure	(183,120,617)	259,514	(191,216)	(183,052,319)

Notes to the consolidated financial statements

for the year ended 31 December 2015

Group - At 31 December 2014

	Exposure in USD"	Exposure in Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	7,867,067	-	-	7,867,067
Trade and other receivables	752,017	-	-	752,017
Cash and bank balances	16,715,353	-	-	16,715,353
	25,334,437	-	-	25,334,437
Financial liabilities				
Bank overdraft	-	96,768	31,713	128,482
Interest bearing loans	49,227,557	-	-	49,227,557
Trade and other payables	1,548,028	-	-	1,548,028
	50,775,585	96,768	31,713	50,904,066
Net exposure	(25,441,147)	(96,768)	(31,713)	(25,569,629)

Company - At 31 December 2015

	Exposure in USD"	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	7,629,752	-	-	7,629,752
Trade and other receivables	2,817,368	-	-	2,817,368
Cash and bank balances	18,137,487	-	-	18,137,487
	28,584,607	-	-	28,584,607
Financial liabilities				
Bank overdrafts	-	-	-	-
Interest bearing loans	204,792,600	-	-	204,792,600
Trade and other payables	6,655,073	91,814	278,029	7,024,916
	211,447,673	91,814	278,029	211,817,516
Net exposure	(182,863,066)	(91,814)	(278,029)	(183,232,909)

Company - At 31 December 2014

	"Exposure in USD"	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	7,867,067	-	-	7,867,067
Trade and other receivables	751,642	-	-	751,642
Cash and cash equivalents	16,677,527	-	-	16,677,527
	25,296,236	-	-	25,296,236
Financial liabilities				
Bank overdrafts	-	96,768	31,713	128,482
Interest bearing loans	49,227,557	-	-	49,227,557
Trade and other payables	1,769,305	-	-	1,769,305
	50,996,862	96,768	31,713	51,125,344
Net exposure	(25,700,626)	(96,768)	(31,713)	(25,829,108)

Notes to the consolidated financial statements

for the year ended 31 December 2015

35 FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (continued)

Exchange rates during the year were as follows:	USD	Euro	ZAR
Average for the year ended 31 Dec 2015	2,001	2,206	155
At 31 December 2015	2,149	2,348	139
Average for the year ended 31 Dec 2014	1,660	2,190	153
At 31 December 2014	1,726	2,097	148

(b) Credit risk

The Company and Group deal only with recognised, creditworthy third parties. It is the Company and Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, debtors' balances are monitored on an ongoing basis, with the result that the Company and Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Company or Group do not offer credit terms without the approval of the credit committee. With respect to credit risk arising from the other financial assets of the Company and Group which comprise bank balances, the Group uses bankers which are regulated. The Company and Group evaluate the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries that operate in largely independent markets.

The Company and Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The maximum exposure to credit risk at the reporting date is the carrying value of the balances indicated below:

	Note	2015 TZS' 000'	Group 2014 TZS' 000'	2015 TZS' 000'	Company 2014 TZS' 000'
Due from Employees' Share Trust	18	-	-	1,853,782	-
Financial asset - Interest rate cap	20	7,629,752	7,867,067	7,629,752	7,867,067
Trade and other receivables (less prepayments)	22	5,227,896	7,534,175	6,338,579	4,749,320
Bank balances	24	24,339,787	20,059,861	23,297,360	19,174,756
		37,197,435	35,461,103	39,119,472	31,791,143

(c) Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Group's business activities may not be available and thus the Group being unable to fulfil its existing and future cash flow obligations. The directors have assessed that any existing breaches of borrowing agreement covenants do not materially impact the Group and Company's liquidity.

The Group monitors its liquidity risk by using cash flow projections. The Group's objective is to maintain a balance between continuity of funding through the use of overdrafts, creditors and term borrowings. The table summarises the maturity profile of the Group's financial liabilities at year-end based on contractual undiscounted payments. The ageing of the interest bearing term loans is determined based on the contractual repayment obligations, that is, six-monthly equal instalments after the three year grace period

Notes to the consolidated financial statements

for the year ended 31 December 2015

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

GROUP	On demand TZS' 000'	Less than 3 months TZS' 000'	1 to 5 years TZS' 000'	More than 5 years TZS' 000'	Total TZS' 000'
At 31 December 2015					
Bank overdrafts	6,047,195	-	-	-	6,047,195
Interest-bearing loans	7,430,069	-	149,799,280	183,472,118	340,701,467
Trade and other payables (excluding advances from customers)	-	53,268,403	-	-	53,268,403
	13,477,264	53,268,403	149,799,280	183,472,118	400,017,065
At 31 December 2014					
Bank overdrafts	9,259,865	-	-	-	9,259,865
Interest-bearing loans	366,993	-	96,512,379	-	96,879,372
Trade and other payables (excluding advances from customers)	-	43,064,925	-	-	43,064,925
	9,626,858	43,064,925	96,512,379	-	149,204,162
Company					
At 31 December 2015					
Bank overdrafts	6,047,195	-	-	-	6,047,195
Interest-bearing loans	7,430,069	-	149,799,280	183,472,118	340,701,467
Trade and other payables (excluding advances from customers)	-	51,867,321	-	-	51,867,321
	13,477,264	51,867,321	149,799,280	183,472,118	398,615,983
At 31 December 2014					
Bank overdrafts	9,259,865	-	-	-	9,259,865
Interest-bearing loans	366,993	-	96,512,379	-	96,879,372
Trade and other payables (excluding advances from customers)	-	46,493,891	-	-	46,493,891
	9,626,858	46,493,891	96,512,379	-	152,633,128

Notes to the consolidated financial statements

for the year ended 31 December 2015

36 CONTINGENT LIABILITIES

There are several court cases instituted against the Group by some of its ex-employees whose services ceased as part of a specific redundancy exercise and others due to termination of employment or retirement. These ex-employees are claiming various employment termination benefits aggregating to over TZS 4.6 billion (2014: TZS 1.1 billion).

As at 31 December 2015, there was a potential contingent liability of TZS 7 billion related to a land dispute with Pande villagers. The case will be mentioned in court in March 2016.

As at 31 December 2015, the Company was a defendant in other lawsuits. The plaintiffs are claiming damages and interest thereon for losses caused by the Group due to breach of contract. The amount of the potential has not been established so far.

As at 31 December 2015, the Company had an unresolved corporate tax assessment of TZS 1.8 billion relating to the year 2012. The Company objected to the assessment and paid the required one third amounting to TZS 589 million. The Company has submitted detailed documentation to support the objection.

'In the opinion of the directors and the Group's legal counsel, no material liabilities are expected to crystallise from the above matters.

37 EVENT AFTER REPORTING DATE

No events have occurred after the reporting date which require disclosure in or adjustment of the consolidated and company financial statements.

38 ULTIMATE HOLDING COMPANY

The immediate holding company of the Group is AfriSam (Mauritius) Investment Holdings Limited. The holding company is AfriSam Group (Pty) Limited incorporated in South Africa. The Government Employees Pension Fund of South Africa owns 66% of the shares in AfriSam Group (Pty) Limited through a fund managed by the Public Investment Corporation (SOC) Limited.

39. FAIR VALUE

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. This level includes listed equity securities and debt instruments on exchanges;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices, interest and yield curves) or indirectly (that is, derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs to valuation techniques).

The fair value of the only financial instrument measured at fair value in these consolidated and company financial statements, that is, the derivative asset resulting from the interest rate cap, is valued using fair values independently sourced from the vendor. The fair value is based on quoted values as provided by the vendor at the reporting date being the values that the vendor sells similar instruments in an active market. As such, the interest rate cap financial asset is categorised under Level 2 for the purpose of fair value measurement.

There were no transfers into and out of the fair value hierarchies.

The group has no non financial assets and liabilities that are measured at fair value

Description of valuation techniques used and key inputs to valuation of the interest rate cap financial asset:

Notes to the consolidated financial statements

for the year ended 31 December 2015

Valuation technique	Significant observable inputs	Range (weighted average)
	2015	2014
Market approach 6 month LIBOR interest rates	0.36% - 0.85%	0.33% - 0.36%
TZS:USD foreign exchange rates	2,001 - 2,149	1,660 - 1,726

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

- Trade and other receivables and payables, and bank balances: Due to the short term nature of the financial instruments.

- Interest bearing loans and borrowings: The interest rates charged on the borrowings are in line with the market interest rates charged on similar loans.

40 SEGMENT INFORMATION

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. Segment performance is evaluated based on operating profit or loss which is measured the same as the operating profit or loss in the financial statements.

The Group's operations are restricted to manufacturing and selling of cement to consumers. No single customer of the Company contributes revenue amounting to more than 10% of the Company's revenue except for the fully owned subsidiary, Cement Distributors (E.A) Limited which contributed 13% of the Company's revenue for the current year (2014: 27%).

	Group 2015 TZS' 000'	2014 TZS' 000'	Company 2015 TZS' 000'	2014 TZS' 000'
Location of non-current assets				
Non current assets located in Tanzania	373,439,272	234,110,633	373,326,341	233,234,949
Non current asses located in Rwanda and Burund	9,846	21,960	-	-
	373,449,118	234,132,593	373,326,341	233,234,949
Source of revenue				
Revenue from Tanzania	199,459,563	224,799,358	166,631,738	133,393,280
Revenue from Rwanda and Burundi	9,656,482	7,301,365	-	-
	209,116,045	232,100,723	166,631,738	133,393,280

The Group and Company's revenue is from sale of cement and transportation services as disclosed in Note 5.

41. 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 page. They are subject to approval by the shareholders during the Annual General Meeting.

42 GOING CONCERN ASSESSMENT

The Company's directors have made an assessment of the Group and Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any other material uncertainties that may cast significant doubt upon the Group and Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Proxy Form

The Company Secretary
 Tanga Cement Public Limited Company
 P O Box 5053
 Tanga

Please complete in block letters

I/We..... of P O Box being a
 shareholder/ shareholders of Tanga Cement Plc hereby appoint of
 P O Box..... as my/ Proxy to vote for me/ on our behalf at the Annual
 General Meeting of the Company to be held on Friday 13 May 2016, at the Hyatt Regency Dar Es Salaam, The Kilimanjaro, or
 at any adjournment thereof.

Signed and witnessed on this day of 2015

.....
 (Signature/s)

Fomu ya Mwakilishi

Katibu wa Kampuni
 Tanga Cement Public Limited Company
 S L P 5053
 Tanga

Tafadhali jaza kwa herufi kubwa

Mimi/ Sisi..... wa S L P.....
 Nikiwa mwanahisa/wanahisa wa Tanga Cement Plc nachagua.....
 wa S L P..... kama mwakilishi wangu/wawakilishi wetu kupiga kura kwa ajili
 yangu/yetu katika Mkutano Mkuu wa Mwaka wa Kampuni utakaofanyika siku ya Ijumaa tarehe 13 Mei 2016, Hoteli ya
 Hyatt Regency Dar Es Salaam, Kilimanjaro, au mahali popote patakapomuliwa.

Kama shahidi saina yangu/zetu leo Tarehe..... 2016

.....
 (Saini)



Notice to Members

TANGA CEMENT PUBLIC LIMITED COMPANY (Incorporated in the United Republic of Tanzania)

Notice is hereby given that the twenty second Annual General Meeting of the shareholders of Tanga Cement Public Limited Company will be held at Hyatt Regency Dar es Salaam, The Kilimanjaro on Friday 13 May 2016 at 14:00 hours, for the following purposes:

1. Notice of Meeting

Notice convening the meeting to be taken as read.

2. Approval of Minutes

To approve and sign the minutes of the twenty first Annual General Meeting held on 22 May 2015.

3. Financial Statements and Directors' Report

To review and adopt the Financial Statements and Directors' report for the year ended 31 December 2015.

4. Dividend for the year ended 31 December 2015

To approve the dividend declaration(s) for the year ended 31 December 2015.

5. Appointment of Directors

To appoint Directors to the Board.

6. Approval of Director Remuneration

To approve the directors remuneration for the 2016 financial year.

7. Appointment of External Auditors

To approve the appointment of the External Auditors for 2016 financial year.

8. General

Any other business.

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on their behalf. If a member is an organisation then the proxy must submit proxy forms and a Board resolution to approve the appointment of the proxy. These proxies are to reach the registered office of the Company not less than 48 hours before the time of the meeting. Members and holders of proxies are required to bring with them acknowledgements of receipt of delivery of proxy forms and identification card for registration purpose..

By order of the Board.



Quresh Ganijee
Company Secretary
13 April 2016

Taarifa Kwa Wanachama

TANGA CEMENT PUBLIC LIMITED COMPANY (Imeshirikishwa katika Jamhuri ya Muungano wa Tanzania)

Taarifa inatolewa kwa wanahisa kwamba Mkutano Mkuu wa Mwaka wa ishirini na mbili wa wanahisa wa Kampuni ya Tanga Cement Plc utakaofanyika Hoteli ya Hyatt Regency Dar es Salaam, The Kilimanjaro, siku ya Ijumaa tarehe 13 Mei 2016 kuanzia saa 8 mchana kwa madhumuni yafuatayo:

1. Taarifa ya Mkutano

Taarifa ya kuitisha mkutano ichukuliwe kama inavyosomeka.

2. Kupitisha Kumbukumbu

Kupitisha na kusaini kumbukumbu za Mkutano Mkuu wa Mwaka wa ishirini uliofanyika tarehe 22 Mei 2015.

3. Taarifa za Fedha na Ripoti za Wakurugenzi

Kupitia na kupitisha Taarifa za Fedha na ripoti za Wakurugenzi kwa mwaka ulioishia tarehe 31 Desemba 2015.

4. Gawio kwa Mwaka Ulioishia tarehe 31 Desemba 2015

Kuidhinisha taarifa maalumu ya gawio kwa mwaka ulioishia tarehe 31 Desemba 2015.

5. Uchaguzi wa Wakurugenzi

Kuchagua Wakurugenzi wa Bodi.

6. Kuidhinisha mapato ya Wakurugenzi

Kuidhinisha mapato ya Wakurugenzi kwa mwaka wa fedha ulioishia tarehe 31 Disemba 2015.

7. Uchaguzi wa Wakaguzi wa nje

Kuidhinisha uchaguzi wa wakaguzi wa nje kwa mwaka wa fedha 2016.

8. Majumuisho

Mengineyo.

Mwanachama yeyote anayestahili kuhudhuria na kupiga kura kwenye mkutano ana haki ya kuchagua mwakilishi au wawakilishi kuhudhuria na kupiga kura kwa niaba yake. Kama mwanachama ni shirika basi mwakilishi anatakiwa kuwakilisha fomu za uwakilishi pamoja na maamuzi ya Bodi ya kumteua mwakilishi huyo. Fomu hizo zifike katika ofisi za usajili za Kampuni si chini ya masaa 48 kabla ya muda wa mkutano kuanza. Wanachama au wawakilishi wanatakiwa kuja na risiti ya amana na kitambulisho kwa ajili ya usajili.

Kwa agizo la Bodi.



Quresh Ganijee
Katibu wa Kampuni

13 Aprili 2016



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