

Annual Report | 2009

Taarifa ya Mwaka



TANGA CEMENT
BUILDING TANZANIA







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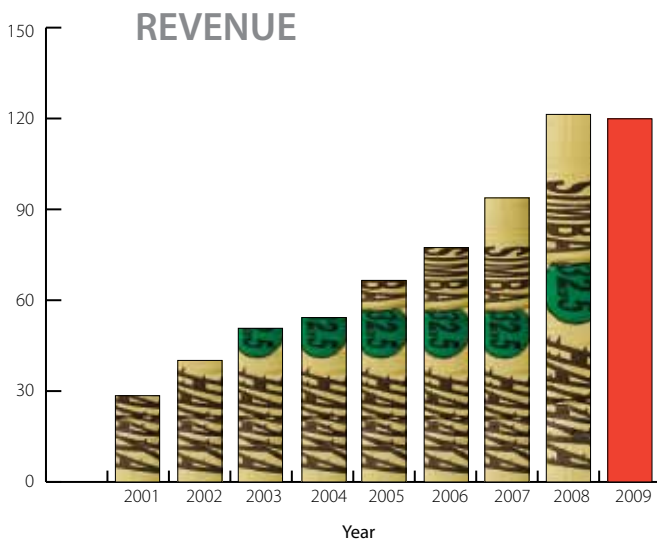
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Financial Summary

- Financial performance in line with 2008
- Dividend per share: **2008 : Tzs 120**
2009 : Tzs 179

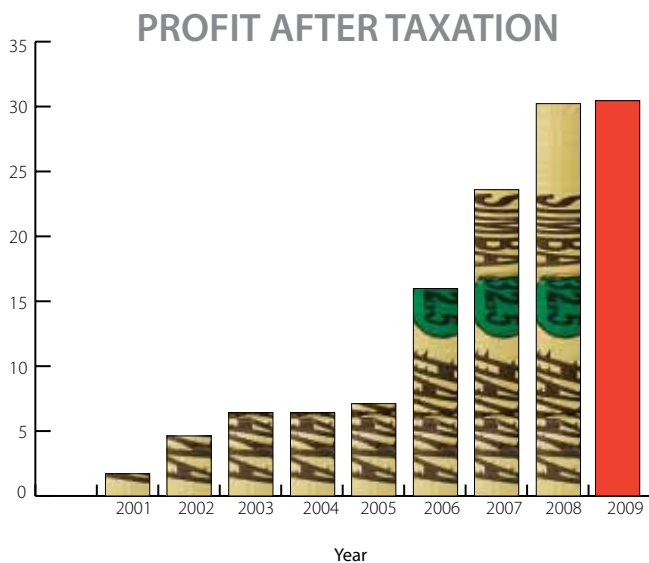
Tzs Billions



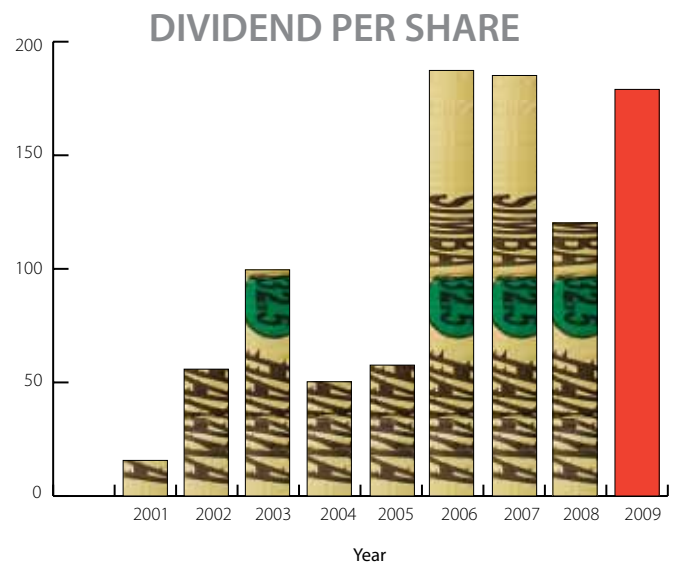
Tzs per share



Tzs Billions



Tzs per share

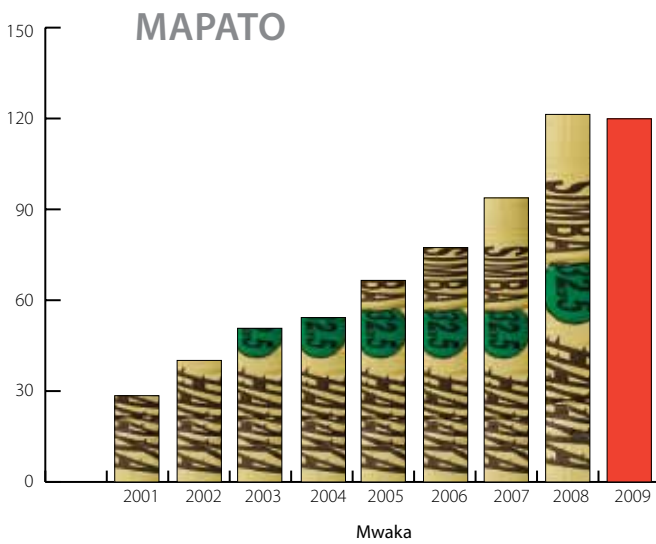




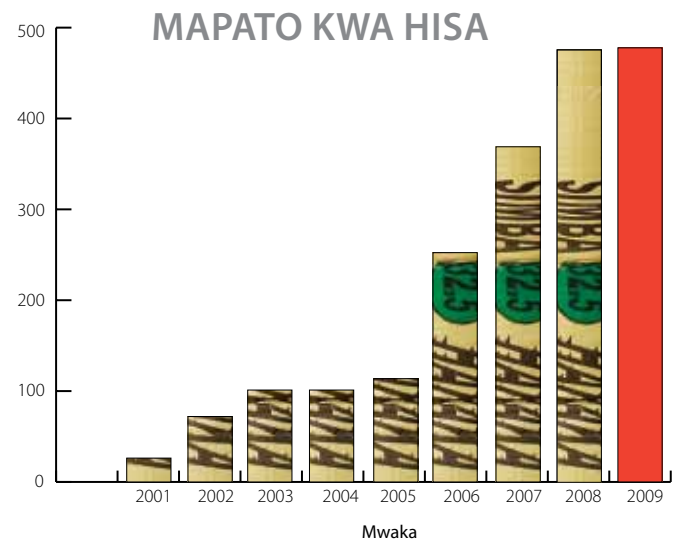
Vidokezo vya Mapato

- Uwezo Kifedha kama ilivyokuwa mwaka 2008
- Gawio kwa hisa: **2008 : Tzs 120**
2009 : Tzs 179

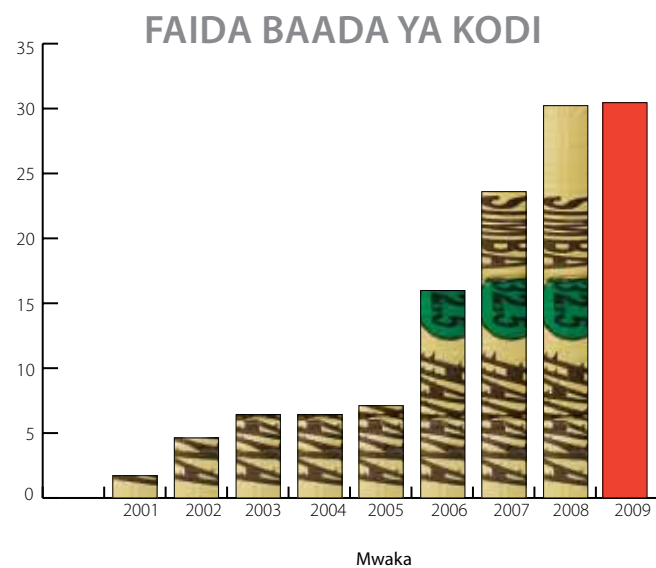
Tzs Billioni



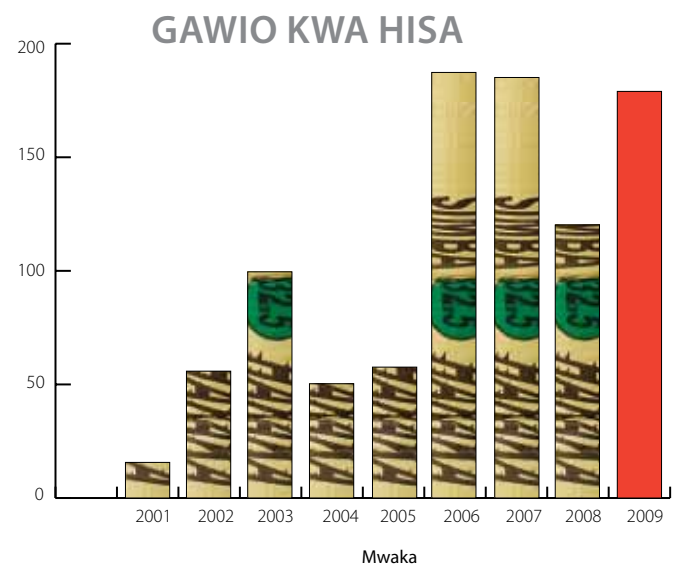
Tzs kwa hisa



Tzs Billioni



Tzs kwa hisa





Board of Directors and Profiles



Charles Naude (52) South African
Chairman (Non Executive)

B.Sc (Hons), MBL

Charles Naude is the Chief Executive Officer of AfriSam South Africa. He has held various positions within that organization, including Commercial Executive, Director for Cement and Director for Stone and Ready – Mix. Mr. Naude has 25 years of experience in the building and construction material manufacturing industry.

Charles Naude (52) Mwafrika Kusini
Mwenyekiti (Si mtendaji)

B.Sc (Hons) MBL

Charles Naude ni Afisa Mtendaji Mkuu wa Afrisam, Ameshika nyadhifa mbalimbali ndani ya shirika, ikiwemo Mtendaji wa Biashara, Mkurugenzi wa Saruji na Mkurugenzi wa Stone and Ready – Mix. Bw. Naude ana uzoefu wa miaka 25 katika uzalishaji wa vifaa/nyenzo za majengo na ujenzi.



Jürg Flühmann (55) Swiss
Managing Director (Executive)

Mechanical Engineer

Jürg Flühmann is the Managing Director of Tanga Cement. Mr. Flühmann has 23 years of experience in the cement industry.

Jürg Flühmann (55) Mswisi
Mkurugenzi Mtendaji (Mtendaji)

Mhandisi Mitambo

Jürg Flühmann ni Mkurugenzi Mtendaji wa Kampuni ya Tanga Cement. Bw. Flühmann ana uzoefu kwenye sekta ya saruji kwa zaidi ya miaka 23.



Maelezo Mafupi kuhusu Wakurugenzi



Prof. Samuel Mwita Wangwe (61) Tanzanian
(Non - executive)

Phd (Economics), BA (Economics)

Professor Wangwe is a highly respected academician. Professor Wangwe has published extensively and continues to act as an independent consultant.

Prof. Samuel Mwita Wangwe (61) Mtanzania
(Si mtendaji)

Phd (Economics), BA (Economics)

Profesa Wangwe ni msomi anayeheshimika sana. Profesa Wangwe ameandika na kuchapisha vitabu vingi na anaendelea kufanya shughuli kama mshauri wa kujitegemea.



Grace Rubambey (64) Tanzanian
(Non-Executive)

MA (Economics), B. BA (Economics)

Grace Rubambey is an Economist. Ms. Rubambey brings to Tanga Cement years of professional experience from both regional and international environments. She serves on a number of boards and committees.

Grace Rubambey (64) Mtanzania
(Si mtendaji)

MA (Uchumi) B. BA (Uchumi)

Grace Rubambey ni Mchumi. Bi. Rubambey analeta uzoefu na ujuzi wa miaka mingi kwa kampuni ya Tanga Cement. Ni mjumbe wa bodi na kamati nyingi.



Board of Directors and Profiles

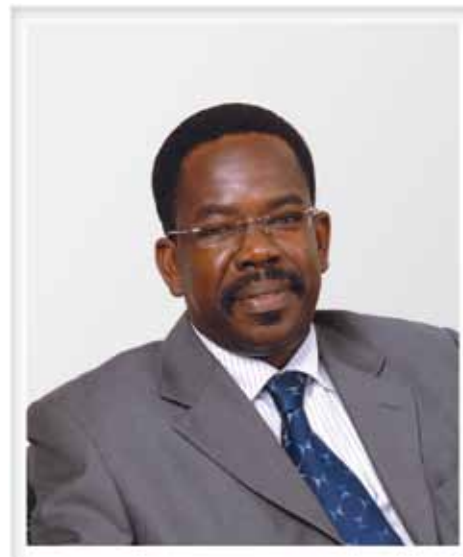


Jayne Nyimbo Taylor (49) Tanzanian
Human Resources Manager (Executive)

Appointed to the Board of Directors in May 2008, Jayne Nyimbo Taylor serves on various boards including that of the Tanzania Private Sector Foundation. Ms. Taylor is one of the two executive Directors on the Board.

Jayne Nyimbo Taylor (49) Mtanzania
Meneja Rasilimali Watu (Mtendaji)

Aliteuliwa katika Bodi ya Wakurugenzi mwezi Mei mwaka 2008, Jayne Nyimbo Taylor anatumikia katika kamati mbalimbali pamoja na Taasisi ya Sekta Binafsi Tanzania (TPSF). Bi. Taylor ni mmoja kati ya Wakurugenzi watendaji wa Bodi.



Khamis Mussa Omar (45) Tanzanian
(Non-Executive)

Post Graduate Diploma (Business Administration),
Advanced Diploma (Tax Management)

Khamis Omar is currently the Principal Secretary, Ministry of Finance and Economic Affairs in Zanzibar.

Mr. Omar also serves on various boards including the Zanzibar Revenue Board and the Zanzibar Ports Corporation.

Khamis Mussa Omar (45) Mtanzania
(Si mtendaji)

Diploma ya Uzamili (Uendeshaji wa shuguli za Biashara)
Diploma ya Juu (Usimamizi wa Kodi)

Khamis Omar ni Katibu Mkuu Wizara ya Fedha na Uchumi, Zanzibar.

Bwana Omar ni mjumbe wa bodi mbalimbali ikiwemo bodi ya Mapato Zanzibar na Shirika la Bandari la Zanzibar.



Maelezo Mafupi kuhusu Wakurugenzi



Mofasi Lekota (52) South African
(Non-Executive)

B.Com & MBA (Rutgers, USA)

Mofasi Lekota is the Executive Deputy Chairman of the AfriSam Board of Directors. He is Executive Chairman and CEO of Lekota Investments and previous served as the CEO of National African Federated Chamber of Commerce and as CEO of the Premier Soccer League in South African.

Mofasi Lekota (52) Mwafrika Kusini
(Si mtendaji)

B.Com & MBA (Rutgers, USA)

Mofasi Lekota ni Naibu Mwenyekiti Mtendaji wa Bodi ya Wakurugenzi ya Afrisam. Ni Mwenyekiti Mtendani na Afisa Mtendaji Mkuu (CEO) wa Lekota Investments na aliwahi kuwa CEO wa National African Federated Chamber of Commerce na pia CEO wa Ligi Kuu ya Soka ya Afrika Kusini.



Mr. Cornelius Kariwa (49) Tanzanian
(Non - Executive)

LLB

Cornelius Kariwa is a lawyer and has been a practising advocate since 1994. He is also a founding partner and managing counsel of a law firm Kariwa & Co. Advocates. Mr Kariwa is currently the Chairperson of the Association of Tanzania Employers (ATE).

Bwana Cornelius Kariwa (49) Mtanzania
(Si mtendaji)

LLB

Cornelius Kariwa ni Mwanasheria na amekuwa Wakili tangu mwaka 1994. Pia ni Mbia Mwanzilishi na Mshauri Mtendaji wa Ofisi ya Sheria ya Kariwa & Co Advocates. Bwana Kariwa kwa sasa ni Mwenyekiti wa Chama cha Waajiri Tanzania (ATE).



Barry Griesel (59) South African
Company Secretary

ACIS, CIA, AEP (UNISA)

Barry Griesel is the Commercial Manager and Company Secretary. Mr Griesel has 31 years experience in the cement industry.

Barry Griesel (59) Mwafrika Kusini
Katibu wa Kampuni

ACIS, CIA, AEP (UNISA)

Barry Griesel ni Meneja Biashara na Katibu wa Kampuni.

Bwana Griesel ana uzoefu wa miaka 31 katika sekta ya saruji.



Charles Naude
Chairperson

The new cement mill and packing plant were successfully commissioned during the year adding 500,000 tons per annum to the installed cement grinding and packing capacity. This takes the total installed cement capacity to 1.25 million tons per year.

Chairperson's Statement

Despite an increase in national cement consumption, the market in which the Company operates showed a decline of 3%. The Company, nevertheless managed to maintain its sales volumes at the same level as in 2008.

After a strong improvement in sales volumes during the second half of the year, sales revenue reflected only a 1% decrease compared to the previous year. Despite this decline in sales revenue as well as increase in foreign exchange losses following the depreciation of the Shilling against major currencies, the Company still managed to maintain net profit above the 2008 level. This was achieved mainly through improvements in operating efficiencies as well as lower raw material and fuel costs.

The new cement mill and packing plant were successfully commissioned during the year adding 500,000 tons per annum to the installed cement grinding and packing capacity. This takes the total installed cement capacity to 1.25 million tons per year.

During the year the Company's Quality Management System was audited and certified to be compliant with the ISO 9001:2008 System. The Company was also graded by the NBAA as the overall winner of the best presented financial statements.

Dividends

A dividend of 37.5% of net profit after tax is proposed and consequently the Board has recommended a final dividend of Tzs 179 per share. This amounts to Tzs 11.4 billion.

Prospects

With the expectation of growth in the cement market in 2010, the Company is optimistic that with the additional cement mill in place, it will be able to increase sales volumes and market share. The impact of excess capacity in the market, imports of cement, power interruptions and rail service delivery problems will be amongst the main challenges the Company will face during 2010.

Closure of Share Register

The Register of Members will close on 22 March 2010. The last day of trading cum dividend will be 15 March 2010. The dividend will be paid on or about 30 May 2010.



Charles Naude
Mwenyekiti

Mtambo mpya wa saruji na mtambo wa ufungashaji ilifanikiwa kuzinduliwa katika mwaka wa taarifa hii na kuongeza tani 500,000 za saruji kwa mwaka kwenye uwezo wa kusaga saruji na kufungasha. Hii inasababisha uwezo wa uzalishaji saruji wa mitambo iliyopo kufikia tani milioni 1.25 kwa mwaka.

Waraka wa Mwaneyekiti

Ingawa kulikuwa na ongezeko la matumizi ya saruji kitaifa, soko ambalo Kampuni inaendeshea biashara limeonyesha kupungua kwa 3%. Hata hivyo Kampuni imeweza kudumisha mauzo yake katika kiwango kilekile cha mwaka 2008.

Baada ya uboreshaji mkubwa wa kiasi cha mauzo katika kipindi cha pili cha nusu mwaka, mapato ya mauzo yameonyesha kupungua kwa 1% tu ikilinganishwa na mwaka uliopita. Licha ya kupungua kwa mapato ya mauzo pamoja na ongezeko la hasara katika ubadilishaji wa fedha za kigeni baada ya kushuka kwa thamani kwa shilingi ya Tanzania dhidi ya fedha nyingine kuu duniani, Kampuni iliweza kudumisha faida halisi kwa kiwango cha zaidi ya mwaka 2008. Mafanikio haya yalipatikana hasa kutokana na uboreshaji katika ufanisi wa uendeshaji pamoja na bei za chini za malighafi na mafuta.

Mtambo mpya wa saruji na mtambo wa ufungashaji ilifanikiwa kuzinduliwa katika mwaka wa taarifa hii na kuongeza tani 500,000 za saruji kwa mwaka kwenye uwezo wa kusaga saruji na kufungasha. Hii inasababisha uwezo wa uzalishaji saruji wa mitambo iliyopo kufikia tani milioni 1.25 kwa mwaka.

Katika mwaka wa taarifa hii, mfumo wa Usimamizi wa Ubora wa Kampuni ulikaguliwa na kuithibitisha kuwa unatimiza kanuni za Mfumo wa ISO 9001:2008. Aidha Kampuni iliteuliwa na Bodi ya Taifa ya Wakaguzi na Wahasibu (NBAA) kuwa mshindi wa jumla wa taarifa bora za fedha zilizowasilishwa.

Gawio

Gawio la 37.5% la faida halisi baada ya kukatwa kodi linapendekezwa na kutokana na hayo Bodi imependekeza gawio la mwisho la Tzs 179 kwa kila hisa. Hii inafikisha jumla ya Tzs bilioni 11.4.

Matarajio

Kutokana na matarajio ya kukua kwa soko la saruji mwaka 2010, kampuni inatarajia matokeo mazuri hasa kwa kuwa kuna mtambo mpya, itaweza kuongeza kiasi cha mauzo yake na hisa yake katika soko. Athari ya ongezeko la uwezo katika soko, saruji inayoingizwa nchini kutoka nchi za nje, tatizo la umeme la mara kwa mara na matatizo ya usafirishaji kwa njia ya reli, zitakuwa miongoni mwa changamoto kuu za kampuni itakazozikabili katika mwaka 2010.

Kufungwa kwa Daftari/Rejesta ya Hisa

Daftari/Rejesta ya Wanachama itafungwa tarehe 22 Machi, 2010. Siku ya mwisho ya biashara na gawio itakuwa tarehe 15 Machi, 2010. Gawio litalipwa mnamo tarehe 30 Mei, 2010.



Flühmann

Jürg Flühmann

Managing Director

Despite the global crisis Tanzania did experience a good growth of construction activities in 2009 and we project this to continue, especially in an election year.

Managing Director's Report

The year 2009-Results showed the positive result of our efforts to reduce a costs while confronting an oversupply on the local market due to additional production capacities as well the growing trend of cement imports into Tanzania. The cement demand in and around Dar es Salaam did grow substantially, however Tanga Cement's core market consumption of cement in the northern region of Tanzania did shrink by 3%. As a result, our net sales revenue was kept constant on the same level of 2008, with operational profits up by 5%.

The new cement mill and packing plant was commissioned in November 2009, achieving a successful completion of that expansion phase well on time, within budget and delivering the expected production performance. With that expansion Tanga Cement Production Capacity has reached 1.25 million tons per annum.

The removal of the suspended duties on cement resulted in an increased importation of cement into Tanzania which, due to the subsidies on cement from exporting countries like Pakistan combined with the global oversupply and the collapsed sea freight rates, allowed cement to reach our markets at a substantial lower cost compared to local production. In total 250,000 tons (2008: 120,000 tons) of cement were imported in 2009 which represents a market share of 12%.

Achievements in 2009:

- 706,000 tons of cement produced and sold
- Growth of operational profit by 5% despite increased competitive situation and economical crisis in our core market region.
- Successfully completed the expansion phase of the Tanga Plant with commissioning of the new cement mill and packing plant towards the end of the year.
- Obtained certification of ISO 9001 – 2008 demonstrating Tanga Cement's clear commitment towards quality products and processes
- Again an excellent result on Occupational Health & Safety with only one minor accident during 2009

Challenges in 2009:

- Supply of electricity from Tanesco has further deteriorated and we need to support our production frequently with the installed back-up generators, which does increase our cost of production.
- Our distribution of cement via rail came to a complete standstill with the reduction of services from TRL. Practically all of our products to the Lake Zone need to be transported via road at a substantial higher cost.
- Dumping of subsidized cement, mainly from Pakistan based on the removed suspended duties is having a big impact on our margins and volumes sold. Due to the unpredictability of policies in place to protect local industry, further expansion projects have been stopped for the time being.

Future Prospects:

Despite the global crisis Tanzania did experience a good growth of construction activities in 2009 and we project this to continue, especially in an election year. Volumes and margins will be further affected by the imports and it will depend very much on the policy makers to what extent the local manufacturing of cement will grow or not. Tanga Cement Company Limited with its Simba brand is in a good position with modern plant and, subject to availability of electricity, will be more than able to meet its customer needs not just in Tanzania but also in other East African countries.



Flühmann

Jürg Flühmann
Mkurugenzi Mtendaji

Ingawa kumekuwa na kudorora au mtikisiko wa uchumi duniani, Tanzania imepata ongezeko la shughuli za ujenzi katika mwaka 2009 na tunataraji hali hii kuendelea, hasa katika mwaka wa uchaguzi.

Taarifa ya Mkurugenzi Mtendaji

Taarifa ya mwaka 2009 imeonyesha matokeo mazuri ya juhudi zetu za kupunguza gharama wakati huohuo kukabili wingi wa bidhaa ya saruji katika soko la ndani ya nchi kutoka uwezo wa ziada wa uzalishaji na mtindo unaoendelea wa kuingiza saruji nchini Tanzania kutoka nchi za nje. Ingawa mahitaji ya saruji Dar es Salaam na maeneo yanayozunguka yameongezeka kwa kiasi kikubwa, hata hivyo matumizi ya saruji katika soko kuu la Tanga Cement katika mikoa ya Kaskazini ya Tanzania yamepungua kwa 3%. Kutokana na hali hiyo, mapato yetu halisi ya mauzo yalibaki kama yalivyokuwa mwaka 2008, yenye ongezeko la faida ya uendeshaji la 5%.

Mtambo mpya wa saruji na mtambo wa kufungashia ilizinduliwa mwezi Novemba, 2009 na kufanikiwa kukamilisha awamu ya upanuzi kwa wakati, kulingana na bajeti na kutoa utendaji wa uzalishaji uliotarajiwa. Uzalishaji wa Tanga Cement umefikia tani milioni 1.25 kwa mwaka.

Kuondolewa kwa kodi/ushuru kwenye saruji kumesababisha ongezeko la uingizaji wa saruji nchini Tanzania ambao kutokana na ruzuku ya saruji ya nchi zinazouza nje kama Pakistani ukijumuisha na ongezeko kubwa la bidhaa duniani kote na kupungua kwa viwango vya usafirishaji bidhaa kwa meli, saruji inafikia masoko yetu kwa bei ndogo zaidi ikilinganishwa na uzalishaji wa ndani. Kwa ujumla kiasi cha tani 250,000 (2008: 120,000) za saruji ziliingizwa nchini mwaka 2009 ambayo ni sawa na mgao wa soko wa 12%.

Mafanikio ya mwaka 2009:

- Tani 706,000 za saruji zilizalishwa na kuuzwa
- Kukua kwa Faida ya Uendeshaji kwa 5% ingawa kulikuwa na ongezeko la ushindani na kudorora au mtikisiko wa uchumi katika mikoa ya soko letu kuu.
- Kukamilika kwa upanuzi wa awamu ya tatu ya Kiwanda cha Tanga na kuzinduliwa kwa Mtambo Mpya wa Saruji na Mtambo wa Ufungashaji kuelekea mwisho wa mwaka.
- Kupatikana kwa hati ya viwango vya ISO 9001 – 2008 kuonyesha dhamira ya wazi ya Tanga Cement kupata ubora wa bidhaa zake na michakato.
- Mwaka huu pia kulikuwa na mafanikio ya kupigiwa mfano ya Usalama na Afya ya Wafanyakazi kwa kutokea ajali moja tu ndogo mwaka 2009.

Changamoto za mwaka 2009:

- Ugavi wa umeme wa Tanesco umeendelea kupungua na tunahitaji kusaidia mara kwa mara uzalishaji wetu na jenereta za kuongezea zilizofungwa, na hivyo kuongeza gharama zetu za uzalishaji.
- Usambazaji wa saruji kwa njia ya reli ulisimama kabisa kutokana na kupunguzwa kwa huduma kutoka TRL. Kusema kweli bidhaa zetu zote kwenda kanda ya ziwa zinahitaji kusafirishwa kwa njia ya barabara kwa gharama kubwa sana.
- Uuzaji kwa bei ya kutupa wa saruji yenye ruzuku, hasa kutoka Pakistani kutokana na kuondolewa kwa kodi/ushuru unaonyesha athari kubwa katika ziada na wingi wa bidhaa zilizouzwa. Kutokana na kutotabirika kwa sera zilizopo kulinda viwanda nyumbani, miradi ya upanuzi zaidi imesimamishwa kwa sasa.

Matarajio ya baadaye:

Ingawa kumekuwa na kudorora au mtikisiko wa uchumi duniani, Tanzania imepata ongezeko la shughuli za ujenzi katika mwaka 2009 na tunataraji hali hii kuendelea, hasa katika mwaka wa uchaguzi. Wingi wa bidhaa zinazolingizwa nchini kutoka nje na itategemea sana watunga sera kama uzalishaji wa saruji wa ndani utaongezeka kwa kiasi gani au hautaongezeka. Tanga Cement Company Limited na bidhaa yake ya Simba ina nafasi nzuri na mtambo wake wa kisasa na kutegemea upatikanaji wa umeme itaweza kukidhi mahitaji ya wateja wake si wa nchini Tanzania tu bali pia wa nchi nyingine za Afrika Mashariki.



Corporate Social Investments

In the year 2009 Tanga Cement has continued to support the Tanzanian society through its Corporate Social Investment Programme. The areas that have been supported are community development, education, health and environment. The Company has continued to support Tanga Business Against Crime, to help fight crime.

The Company spent a total of Tzs 249 million to support various projects. Altogether, a total of 17 projects have been supported by Tanga Cement in 2009, a few are detailed below:

ZAYEDESAs Community Development Activities

The Association supports Zanzibar youth development, education, environment and other community development activities. Tanga Cement has continued to support this initiative in Zanzibar and has donated a total of 100 tons of cement for renovation of schools, dispensaries, cooperative societies, the construction of an orphanage as well as residential houses in rural areas.

Rosmini Secondary School

The Company donated a total of 80 tons of cement to the school for its expansion program. The school is in Tanga Region and is one of the top performing schools in Tanzania.

Construction of Classrooms

A total of four classrooms were built by the Company. One block of three classrooms was built for the Pande Secondary School in Tanga District. Another classroom was built in the Korogwe District for Kwamsisi Secondary School. Each classroom was furnished with 25 desks and 25 chairs.

Musoma Dispensary

The Company donated a total of 40 tons of cement towards construction of a dispensary in the Musoma District.

Teachers College in Karagwe District

In the same spirit of contribution to the education sector, the Company contributed 20 tons of cement towards construction of a Teachers College in Karagwe District in Kagera Region.

Msangani High School Water Project

The Company contributed Tzs 20.2 million for the completion of the school water project in Kibaha Coast Region.

Friends of Serengeti

The Company donated a total of 400 bags of cement for repairing ranger posts as well as constructing bridges and drifts in Serengeti and Tarangire.

In Summary most of the support was directed to education and community development. This is because, the Company has been supporting the Tanzanian Government initiatives of boosting education in the Country as well as Tanzania's community well being.

In terms of its policy, Tanga Cement sets aside 1% of its profit before tax for its CSI programme.

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 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 work force, their families and the communities around our operations. Our focus areas for social investments are health, education, environment and community development.

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's Corporate Social Investments (CSI) policy is to invest 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 is focused on the support of construction of health facilities in the regions we operate within Tanzania.

Education:

Tanga Cement 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 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:

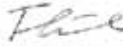
Tanga Cement supports community based initiatives that lead to income generation for the communities within the regions we operate in Tanzania. This involves defined support of specific orphanages, particularly those with children orphaned because of HIV/AIDS as well as those infected with the virus.


Environment:

Tanga Cement supports community initiatives that lead to the conservation and rehabilitation of the environment. This involves defined 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 operates.

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


 Jörg Fühmann,
 Managing Director
 November 2005


TANGA CEMENT
 BUILDING TANZANIA

Uwekezaji wa Kijamii wa Kampuni

Katika mwaka 2009, Tanga Cement imeendelea kusaidia jamii ya Tanzania kupitia Uwekezaji wa Kijamii wa Kampuni. Maeneo ambayo Tanga Cement imekuwa ikiyashughulikia ni maendeleo ya jamii, elimu, afya na mazingira. Kampuni imeendelea kusaidia Tanga Business Against Crime, kama sehemu ya juhudi za Kampuni za kusaidia kupambana na uhalifu katika mkoa huo.

Kampuni imetumia jumla ya Tzs, milioni 249 kusaidia miradi mbalimbali kwa pamoja. Jumla ya miradi 17 imesaidiwa na Tanga Cement mwaka 2009. Michache imeorodheshwa hapa chini:

Shughuli za Maendeleo ya Jamii za ZAYEDES

Chama hicho husaidia maendeleo ya Vijana Zanzibar, elimu, mazingira na shughuli nyingine za maendeleo ya Jamii. Tanga Cement imeendelea kusaidia juhudi hiyo huko Zanzibar na imetoa msaada wa jumla ya tani 100 za saruji kwa ajili ya ukarabati wa shule, zahanati, vyama vya ushirika, ujenzi wa kituo/nyumba ya mayatima pamoja na nyumba za kuishi katika maeneo ya vijijini.

Shule ya Sekondari ya Rosmini

Kampuni imetoa msaada wa jumla ya tani 80 za saruji kwa shule hiyo katika programu yake ya upanuzi. Shule iko mkoani Tanga na ni moja ya shule zinazoongoza kwa kufanya vizuri nchini Tanzania.

Ujenzi wa Madarasa

Jumla ya vyumba vinne vya madarasa lijengwa na kampuni. Jengo moja la madarasa matatu limejengwa Pande, kwa ajili ya Shule ya Sekondari ya Pande, iliyopo Wilaya ya Tanga. Darasa jingine lilijengwa Wilaya ya Korogwe kwa ajili ya shule ya Sekondari Kwamsisi. Kila darasa lilipatiwa madawati 25 na viti 25.

Zahanati ya Musoma

Kampuni imetoa jumla ya tani 40 za Saruji kwa ajili ya ujenzi wa Zahanati Wilaya ya Musoma.

Chuo cha Walimu Karagwe

Katika moyo ule ule wa kuchangia katika sekta ya elimu, kampuni ilitoa mchango wa tani 20 za saruji kwa ajili ya ujenzi wa Chuo cha Walimu, Wilaya ya Karagwe, Mkoani Kagera.

Mradi wa Maji wa Shule ya Sekondari ya Msangani

Katika mradi huu, Tanga Cement imechangia Tzs. milioni 20.2 kwa kukamilisha mradi huo Wilayani Kibaha, Mkoa wa Pwani.

Friends of Serengeti

Kampuni imechangia mifuko 400 ya saruji kwa Friends of Serengeti kwaajili ya ukarabati vibanda vya walenzi wa mbuga za wanyama pamoja na kujenga madaraja na makaravati katika mbuga za Serengeti na Tarangire.

Msada mkubwa ulielekezwa kwenye elimu na maendeleo ya jamii. Hii ni kwa sababu kampuni imekuwa ikisaidia juhudi za Serikali ya Tanzania za kukuza elimu nchini pamoja na ustawi na maisha ya jamii.

Kwa mujibu wa sera yake hii, Tanga Cement imetenga 1% ya faida yake kabla ya kodi kwa ajili ya programu yake ya CSI.





Environment

The environmental performance of the Company for the year 2009 was comparatively good, especially in plant emissions and rehabilitation programs.

- The gaseous emission levels from the plant were in full compliance with the allowable emission limits
- The quarry rehabilitation programs were positively acknowledged and rewarded with a special NEMC award for statutory fulfillment of environmental impact assessment decommissioning process for a pozzolana quarry in Holili. The photos on this page show the quarry before and after rehabilitation
- The Company's Environmental Management System (EMS) program, in place since the year 2004, continued to meet the requirements of the ISO14001:2004 standard.
- Consistent with Company's Environmental Policy, Tanga Cement managed to engage various stakeholders through factory visits, discussion forums, as well as positive interaction, heightening the environmental awareness of the operations to the public.



Mazingira

Utendaji wa mazingira kwa Kampuni kwa mwaka wa 2009 ulikuwa mzuri kiasi, hasa katika kutoa moshi/vichafuzi vya mitambo na katika programu za ukarabati.

- Viwango vya utoaji vichafuzi vya hewa kutoka katika mitambo vinafuata kwa ukamilifu ukomo wa viwango vinavyoruhusiwa.
- Programu za ukarabati wa machimbo ya mawe zimekubaliwa na kutunzwa Tunzo maalumu ya Baraza la Hifadhi na Usimamizi wa Mazingira (NEMC) wa tathmini ya athari kwa mazingira kwa machimbo ya mawe ya Pozzolana ya Holili. Picha za hapa chini zinaonyesha machimbo hayo kabla na baada ya kufanyiwa ukarabati.
- Programu yetu ya Mfumo wa Usimamizi wa Mazingira (EMS) tutionayo tangu mwaka 2004 imeendelea kutimiza masharti ya kiwango cha ISO 14001:2004.
- Kulingana na Sera yetu ya mazingira (imeambatishwa), tumeweza kuwashirikisha wadau mbalimbali kwa njia ya ziara za kiwandani, makongamano na mjadala, pamoja na maingiliano, kukuza uelewa wa mazingira ya shughuli kwa wananchi.

Environmental Policy

Our actions today mould the future

Policy

Tanga Cement Company Limited (TCCCL) recognizes the universal right of the present and future generations to an environment that is not harmful to human well-being. We therefore conduct our operations in such a way that we minimize any potential adverse effects of the cement processes and products on the community, the environment, and ourselves. Tanga Cement believes that the best mechanism to ensure that this right is maintained is through the adoption of practices consistent with the goals of sustainable development, striving to obtain a balance between economic performance, social responsibility and environmental improvement.

In order to execute these goals, the company will conduct its activities within the following strategy framework:

Strategic Objectives

Tanga Cement Company Management is committed to:

1. Provide necessary resources to achieve these objectives.
2. Comply with applicable environmental legislation, regulations, and other requirements which relate to company environmental aspects.
3. Establish and maintain environmental management systems that comply with the requirements of the ISO 14001:2004.
4. Achieve continual improvement through the process of risk management, execution of performance assessments and implementation of improvement programmes.
5. Optimal utilization of resources through the reduction of waste and use of fossil fuels, use of renewable, recycled, and environmentally friendly resources.
6. Prevention of pollution and minimization of dust and noxious gases emissions.
7. Develop an emergency preparedness programme identifying potential environmental risks of Tanga Cement operational activities and products with the subsequent implementation and maintenance of risk mitigation measures.
8. Provide appropriate environmental training for all employees and contractors with a view to achieving the objectives of this policy.
9. Perform rehabilitation on all mining sites, concurrently and on closure of operations, in order to ensure a self-sustainable or positively usable landform for future generations.
10. Actively and openly participate in environmentally related dialogue with our stakeholders including employees, contractors, the government, non-governmental, and representatives from community organizations, and preferentially support and assist environmentally responsible suppliers of goods and services.

The TCCCL Environmental Policy is a dynamic document that will be reviewed on a regular basis to take cognizance of improved environmental understanding and practice, and will be communicated to employees and contractors. It may also be viewed on www.tangacem.co.tz.

Issued by	<i>Jörg Fuhrman</i>	Revision Number	05
	Managing Director	Date	18-08-2009





Tanga Cement . Quality assured. Quality guaranteed.

SGS has assessed and certified the management system of Tanga Cement Company Limited as meeting the requirements of **ISO 9001:2008** for the manufacture of clinker and cement products.



This certification is an upgrade from the previous quality certification ISO 9001:2000. Tanga Cement Company Limited is also ISO 14001:2004 compliant, an environmental management standard certification.



SGS

Certificate TZ09/2009

The management system of

Tanga Cement Company Ltd.

P.O. Box 5053
Tanga, Tanzania



has been assessed and certified as meeting the requirements of

ISO 9001:2008

For the following activities

The manufacture and sales of cement products: clinker and cement .

Further clarifications regarding the scope of this certificate and the applicability of ISO 9001:2008 requirements may be obtained by consulting the organization

This certificate is valid from 11 January 2010 until 11 January 2013 and remains valid subject to satisfactory surveillance audits.
Re certification audit due before 17 December 2012
Issue 1. Certified since August 2000

Authorised by

SGS United Kingdom Ltd Systems & Services Certification
Rossmore Business Park Ellesmere Port Cheshire CH65 3EN UK
t +44 (0)151 350-6666 f +44 (0)151 350-6600 www.sgs.com



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Quality

Our quality policy begins and ends with our customers as our focal point.

Tanga Cement Company continues to maintain its ISO 9001:2008 accreditation and continues to produce high quality products in line with the quality management standard.

Ubora

Sera ya ubora inanzia na kuiishia kwakuwajali wateja wetu.

Kampuni ya Tanga Cement inaendelea kutunza mfumo uliosajiliwa kwa kufikia vigezo vya ISO 9001:2008 na inaendelea kuzalisha bidhaa zenye ubora wa hali ya juu kwa kufuata mfumo wa uongozi bora.

Quality Policy

Our actions today mould the future

Policy


The vision of Tanga Cement Company Limited (TCCL) is to become the most admired, efficient and profitable cement operation within East Africa. In order to maintain our core values of integrity and a commitment to everything we do, we will consistently provide products and services in line with the requirements of our customers. This quality policy will guide behavior that aims to develop, implement and maintain a quality culture of customer satisfaction. To achieve this, the following objectives have been defined:

Objectives

- TCCL management will provide employees with adequate resources in order to achieve the stated objectives.
- Comply with the requirements of the ISO 9001 : 2008 series of quality management system standard and the product requirements of the TZS 727:2002.
- Identify customer requirements, plan their realisation and measure our success in meeting them.
- Set specific quality objectives appropriate to the activities of our business, measure the progress and review the achievement thereof.
- Audit and continually improve the effectiveness of TCCL's documented quality management system.
- Increase quality awareness throughout TCCL.
- Agree to key performance indicators which are directed towards quality performance, meeting long term business goals and personal growth.
- Share the achievements of TCCL's business performance with all stake holders
- Communicate TCCL Quality Policy to employees.

All TCCL employees will work together with management in the execution of this policy by acting upon non-conformities that have an impact on the quality of TCCL products and services.

This policy will be reviewed on a periodic basis to ensure that it is best suited to realizing TCCL's long term business goals.

Issued by		Revision Number	03
	Managing Director Jürg Fühmann,	Date	26-10-2009



Corporate Governance

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

The Board of Directors

The Board of Tanga Cement Company Limited consists of eight Directors. Apart from the Managing Director and Human Resource Manager, no other Directors hold executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management against budgets and business plans. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is chaired by a Non-Executive Director, who has no executive functions. The roles of 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 Company. The Non-Executive Directors are independent of management and exercise their independent judgment. With their depth of experience, they add value to Board deliberations.

The Board is required to meet at least four times a year. The Board delegates the day-to-day management of the business to the Managing Director assisted by senior management. Senior management is invited to attend Board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all 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 Company's philosophy to manage and control its business on a decentralized basis. Senior management meets on a monthly basis to review the results, operations, key financial indicators and the business strategy of the Company. Board meetings are held quarterly to deliberate the results of the Company.

Performance evaluation and reward

Details of the remuneration of Directors are disclosed in Note 31 to the financial statements. The Company utilises the results of market surveys to ensure market related salaries are paid and that market related trends are followed in terms of changes in benefits, while at the same time, taking into account the intrinsic value of individual contributions. A portion of remuneration of all managerial staff, especially senior management, is linked to the performance of their respective business units and of the Company as a whole.

Risk management and internal control

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

The effectiveness and efficiency of operations;

- The safeguarding of the Company's assets (including information);
- Compliance with the applicable laws, regulations and supervisory requirements;
- The reliability of the 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 of such measures by staff. 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 systems throughout the financial year ended 31 December 2009 and is of the opinion that they met acceptable criteria.



Ethical behavior

The Company's Code of Conduct governs all its activities, internal relations and interactions with stakeholders in accordance with its ethical values. It is expected of all staff to maintain the higher 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 with the support of personnel officers.

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

Business ethics and organizational integrity

The Company'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 fulfill their ethical obligations in such a way that the business is run strictly according to fair commercial competitive practices.

Financial reporting and auditing

The Directors accept final responsibility for the preparation of the annual financial statements which fairly present:

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

The responsibility for compiling the annual financial statements was delegated to management.

The external auditors report on whether the annual 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, monitored by management, was maintained;
- Appropriate accounting policies, supported by reasonable and prudent judgments and estimates, were used consistently; and
- The financial statements were compiled in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

The Directors are also satisfied that no material event has occurred between the financial year-end and the date of this report.

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

ENVIRONMENTAL

The Company has a formal environmental control accreditation program and all operations are following the ISO 14001:2004 system.

AUDITORS

The auditors, Ernst & Young have expressed their willingness to continue in office as auditors and are eligible for re - appointment. A resolution proposing the re-appointment of Ernst & Young as auditors of the Company for the year 2010 will be tabled at the Annual General Meeting.

Charles Naude - Chairperson

Jürg Flühmann - Managing Director



Utawala wa Kampuni

Tanga Cement Company Limited imedhamiria kufuata kwa ukamilifu kanuni na misingi ya utawala wa kampuni na Bodi na kwamba kwa sasa imeamua kufuata kanuni na misingi ya Utawala Bora wa Kampuni.

Bodi ya Wakurugenzi

Bodi ya Tanga Cement Company Limited ina Wakurugenzi wanane. Zaidi ya Mkurugenzi Mtendaji na Meneja wa Rasilimali Watu, hakuna Wakurugenzi wengine wenye nyadhifa za utendaji katika Kampuni. Bodi inachukua jukumu la jumla kwa Kampuni, pamoja na jukumu la kubainisha maeneo makuu ya hatari/mashaka, kufikiria na kufuatilia uamuzi wa uwekezaji, kufikiria masuala muhimu ya fedha, na kupitia utendaji wa menejimenti ikilinganishwa na bajeti na mipango ya biashara. Bodi pia ina jukumu la kuhakikisha kwamba mfumo mpana wa sera za udhibiti wa ndani na taratibu unafanya kazi na kwa mujibu wa kanuni na misingi ya utawala bora wa shirika.

Mwenyekiti wa Bodi ni Mkurugenzi Asiyé – Mtendaji, asiye na kazi za kiutendaji. Majukumu ya Mwenyekiti na Mkurugenzi Mtendaji yametenganishwa, kila mmoja akiwa na seti ya majukumu.

Bodi inaamini kwamba wajumbe wake wana maarifa, vipaji na uzoefu wa kuongoza kampuni. Wakurugenzi Wasio Watendaji hawategemei menejimenti na hivyo hutoa uamuzi wao huru. Kwa kutumia uzoefu wao mkubwa, huongezea uzito katika majadiliano ya Bodi

Bodi inatakiwa kukutana angalau mara nne kwa mwaka. Bodi imekasimu usimamizi wa kila siku wa biashara kwa Mkurugenzi Mtendaji akisaidiwa na Wajumbe Waandamizi wa Menejimenti Wajumbe Waandamizi wa Menejimenti wanaalikwa kuhudhuria Mikutano ya Bodi na kuwezesha udhibiti unaofaa wa shughuli zote za uendeshaji za Kampuni, na kuwa kama njia ya mawasiliano na uratibu kati ya vitengo vyote vya biashara.

Wakurugenzi wote wana fursa ya kuonana na Katibu wa Kampuni na huduma zake na wanaweza kuomba ushauri huru wa kitaalamu kama ni lazima. Ni falsafa ya Kampuni kusimamia na kiudhibiti biashara yake kwa msingi wa kugawa madaraka. Wajumbe Waandamizi wa Menejimenti wanakutana kila mwezi kupitia mafanikio, shughuli, viashirio muhimu vya fedha na mkakati wa biashara wa kampuni. Mikutano ya Bodi inafanyika kila robo mwaka kujadili mafanikio ya Kampuni.

Tathmini ya Uendeshaji na Zawadi

Maelezo ya kina ya mishahara ya Wakurugenzi yameonyeshwa katika Jedwali/Ufafanuzi Na. 31 katika taarifa za fedha. Kampuni inatumia matokeo ya utafiti wa soko, kuhakikisha kuwa mishahara sahihi inalipwa na kuwa mwenendo wa soko unaohusika unafuatiwa kuhusiana na mabadiliko ya mafaao, wakati huohuo kuzingatia thamani halisi ya michango ya kila mtu. Sehemu ya mishahara ya wafanyakazi wote wa ngazi za uongozi wa juu, hasa wafanyakazi waandamizi wa menejimenti, inahusishwa na utendaji wa vitengo vya biashara vinavyohusika na Kampuni kwa jumla.

Usimamizi wa Hatari/Mashaka na Udhibiti wa Ndani

Bodi inakubali jukumu la mwisho la mifumo ya usimamizi wa hatari/mashaka na udhibiti wa ndani ya Kampuni. Ni jukumu la menejimenti kuhakikisha kuwa kutayarishwa na kudumishwa kwa mifumo ya udhibiti wa kutosha kwa msingi unaoendelea ili kutoa uhakika unaofaa kuhusu:

Kufaa na ufanisi wa shughuli

- Kulinda rasilimali za Kampuni (ikiwemo taarifa);
- Kufuata sheria zilizopo, kanuni na masharti ya usimamizi;
- Kuaminika kwa kumbukumbu za hesabu za fedha;
- Uendeleu wa biashara katika hali ya kawaida pamoja na hali isiyofaa; na
- Tabia adilifu kwa wadau wote.

Ufanisi wa mfumo wowote wa udhibiti wa ndani unategemea sana ufuataji wenye kuzingatia hatua zilizoелеzwa. Daima kuna hatari ya kutofuata hatua hizo na wafanyakazi. Hatimaye hata mfumo wa udhibiti wa ndani wenye kuzingatia na wenye ufanisi hauwezi kutoa zaidi ya hatua inayofaa ya uhakika kuhusiana na madhumuni yaliyotajwa hapo juu.

Bodi ilitathmini mifumo ya udhibiti wa ndani katika kipindi chote cha mwaka wa fedha uliyomalizika tarehe 31 Desemba 2009 na ina imani kwamba imekidhi vigezo vinavyokubaliwa.

Tabia za Kimaadili

Kanuni za Maadili za Kampuni zinatawala shughuli zake zote, uhusiano wa ndani na maingiliano na wadau kwa mujibu wa maadili yake. Inatarajiwa kuwa wafanyakazi wote watadumisha na kufuata kiwango cha juu cha uadilifu na uaminifu katika kushughulikia wateja, wagavi, watoa huduma na wafanyakazi wenzao.

Kufuata Kanuni za Maadili ni jukumu la mwisho la Mkurugenzi Mtendaji na Katibu wa Kampuni, na ufuatiliaji wa kila siku kukasimiwa kwa menejimenti inayohusika na msaada wa maofisa utumishi.

Kanuni hizo za maadili zinaongezewa na falsafa ya uwajibikaji ya Kampuni pamoja na kanuni za ajira, na vidhibiti vya afya na usalama kazini.

Maadili ya Biashara na Uadilifu wa Kampuni

Kanuni za Maadili za Kampuni zinaitaka Kampuni kutumia viwango vya juu kabisa vya uadilifu, mwenendo na maadili inaposhughulika na pande zote zinazohusika, wakiwemo Wakurugenzi wake, mameneja, wafanyakazi, wateja, wagavi, washindani wa biashara, wawekezaji, wanahisa na wananchi kwa jumla. Wakurugenzi na watumishi wanatarajiwa kutimiza majukumu yao ya kimaadili kwa hali itakayoifanya biashara iendeshwe kwa kuzingatia kanuni za ushindani wa kibiashara wa haki.

Utoaji taarifa za fedha na ukaguzi wa hesabu

Wakurugenzi wanachukua wajibu wa mwisho wa matayarisho ya taarifa za hesabu za mwaka ambazo zinawasilisha kwa usahihi:

- Hali ya fedha ya Kampuni kama ilivyokuwa mwisho wa mwaka wa taarifa hii
- Matokeo ya fedha ya uendeshaji wa shughuli pamoja na
- Mapato halisi kwa kipindi cha taarifa hii.

Jukumu la kukusanya taarifa za fedha za mwaka limekasimia kwa menejimenti.

Jukumu la wakaguzi wa nje wanatoa taarifa kuhusu kama taarifa za hesabu za mwaka zimewasilishwa kwa kufuata taratibu na haki.

Wakurugenzi wanaridhika kwamba katika mwaka wa taarifa hii:

- Kumbukumbu za hesabu za fedha za kutosha zimetunzwa;
- Mfumo unaofaa wa udhibiti wa ndani na usimamizi wa mashaka uliofuatiliwa na menejimenti, umezingatiwa;
- Sera za utunzaji wa fedha zilizo sahihi, zilizoambatana na uamuzi wa busara na makadirio, zimetumiwa ipasavyo;
- Taarifa za fedha zilikusanywa kulingana na Viwango vya Utoaji Taarifa za Fedha vya Kimataifa katika hali inayotakiwa na Sheria ya Kampuni ya mwaka 2002.

Wakurugenzi pia wanaridhika kuwa hakuna tukio lolote kuu lililotokea kati ya mwisho wa mwaka wa fedha na tarehe ya taarifa hii.

Wakurugenzi wanaamini kwamba Kampuni ina rasilimali za kutosha, ahadi na wajibu wa uendeshaji wa biashara kwa siku zijazo, taarifa za fedha zimetayarishwa kwa matarajio kwamba biashara inaendeshwa kwa faida na ina matarajio yasiyo na kikomo ya kuendelea kupata faida kwa kipindi kisicho na mwisho.

MAZINGIRA:

Kampuni ina programu rasmi ya kutambuliwa kudhibiti mazingira na shughuli zote zinafuata mfumo wa ISO 14001: 2004.

WAKAGUZI:

Wakaguzi, Ernst & Young wameonyesha kuwa tayari kuendelea kutoa huduma ya ukaguzi na wanastahili kuteulia tena. Azimio la kupendekeza kuteuliwa tena kwa Ernst & Young kama wakaguzi wa Kampuni kwa mwaka 2010 litawasilishwa katika Mkutano Mkuu wa Mwaka.



Charles Naude - Mwenyekiti



Jürg Flühmann - Mkurugenzi Mtendaji



Value added Statement

For the year ended 31 December

	2009 Tzs '000'	%	2008 Tzs '000'	%
Value Added				
Gross Turnover	119,898,248		121,349,244	
Share of Profit of associates	390,898		987,282	
Other operating expenditure	(61,993,339)		(64,405,048)	
	58,295,807	100	57,931,478	100
Revenue				
To Employees	12,010,444	20.6	12,028,061	20.8
To Government-Corporate Income Tax	13,414,337	23.0	12,965,708	22.4
To Shareholders-Dividend	-	0.0	19,419,669	33.5
To Lending Institutions	-	0.0	280,675	0.5
To Expansion and Growth				
-Depreciation	2,450,783	4.2	2,207,366	3.8
-Retained Income	30,420,243	52.2	11,029,999	19.0
	58,295,807	100	57,931,478	100

Taarifa ya Thamani Iliyoongezwa

Kwa mwaka ulioishia tarehe 31 Desemba

	2009 Tzs '000'	%	2008 Tzs '000'	%
Thamani Iliyoongezwa				
Pato Ghafi	119,898,248		121,349,244	
Hisa ya faida ya wenza	390,898		987,282	
Matumizi mengine ya uendeshaji	(61,993,339)		(64,405,048)	
	58,295,807	100	57,931,478	100
Mapato				
Kwa Wafanyakazi	12,010,444	20.6	12,028,061	20.8
Kwa Serikali - Kodi ya mapato ya Kampuni	13,414,337	23.0	12,965,708	22.4
Gawio la Wenyehisa	-	0.0	19,419,669	33.5
Kwa Vyombo vya Ukopeshaji	-	0.0	280,675	0.5
Kwa Upanuzi na Kuku				
-Uchakavu	2,450,783	4.2	2,207,366	3.8
-Mapato yaliyobakizwa	30,420,243	52.2	11,029,999	19.0
	58,295,807	100	57,931,478	100



General Information

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

COMPANY SECRETARY

Mr B Griesel
Tanga Cement Company Limited
Pongwe Factory Area
P.O. Box 5053
Tanga

AUDITORS

Ernst & Young
Utalii House, 36 Laibon Road, Oysterbay
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
International House
P.O. Box 45
Dar es Salaam

MAIN BANKERS

National Bank of Commerce Limited
P.O. Box 71625
Tanga

Citibank Tanzania Limited
P.O. Box 5031
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

Report of the Directors

For the year ended 31 December 2009

The Directors submit their report and the audited financial statements for the year ended 31 December 2009 which disclose the financial performance and the state of affairs of Tanga Cement Company Limited.

1. PRINCIPAL ACTIVITIES

The principal activities during the year remained to be the manufacturing and selling of clinker and cement.

2. OPERATING RESULTS

The Company maintained its sales volumes at the same levels as in 2008. Sales revenue, however reflected a 1% decrease compared to the previous year. Despite this decline in sales revenue as well as increase in foreign exchange losses following the depreciation of the Tanzanian Shilling against major currencies, the Company still managed to maintain net profit above the 2008 level. This was achieved mainly through improvements in operating efficiencies as well as decrease in raw material and fuel costs.

The detailed financial performance of the Company, during the year is set out on page 14 of these financial statements.

3. FUTURE PROSPECTS OF THE COMPANY

With the expectation of growth in the cement market in 2010, the Company is optimistic that with the additional cement mill in place, it will be able to increase sales volumes and market share. The impact of excess capacity in the market, imports of cement, power interruptions and rail service delivery problems will be amongst the main challenges the Company will face during 2010.

4. SOLVENCY EVALUATION

The Company's state of affairs as at 31 December 2009 is set out on page 15 of these financial statements. The Directors have reviewed the current financial position of the Company and the existing short-term borrowings. On the basis of this review together with the current business plan, the Directors are satisfied that the Company is a solvent going concern within the meaning ascribed by the Companies Act, 2002.

5. ADMINISTRATIVE MATTERS

The Company is capable of handling all administrative matters.

6. DIVIDEND

The Directors did not declare payment of an interim dividend for the financial year 2009 (2008: Tzs 120 per share). The Directors propose a final dividend of Tzs 179 per share for the year ended 31 December 2009 (2008: Tzs Nil).

7. SUBSEQUENT EVENTS

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

8. SHARE CAPITAL

The total issued share capital of the Company amounts to 63,671,045 ordinary shares (2008: 63,671,045 ordinary shares). There was no change in the issued share capital.

The shareholding of the Company as at 31 December 2009 is as stated below:

Name	2009 % shareholding	2008 % shareholding
AfriSam Mauritius Investment Holdings Limited	62.50	62.50
Tanzania General Public and Institutions	36.25	37.00
Employees' Share Trust	0.75	0.50
	<u>100.00</u>	<u>100.00</u>

Report of the Directors

For the year ended 31 December

9. STOCK EXCHANGE INFORMATION

On 26 September 2002 the Company went public and its shares started to trade on the Dar es Salaam Stock Exchange. During 2009 the shares of the Company were continuously traded in the secondary market through auctions organised by the Dar es Salaam Stock Exchange (DSE). In the year the performance of the Company's shares in the secondary market was as follows: Market capitalization as at 31 December 2009 was Tzs 112,061 million (2008: Tzs 118,428 million). Total turnover of Company's shares at DSE was Tzs 4,757,680,760 (2008: Tzs 1,676,790,040). The average price of Company shares was Tzs 1,823 per share (2008: Tzs 1,750) and share price prevailing as at 31 December 2009 was Tzs 1,760 per share (IPO price Tzs 360 per share).

10. SHAREHOLDERS OF THE COMPANY

The total number of shareholders during year 2009 was 11,497 shareholders (2008: 11,642 shareholders). The following were ten largest shareholders of the Company:

Name	Nationality	% of Holding
AfriSam Mauritius Investment Holdings Limited	Mauritius	62.50
Public Service Pension Fund	Tanzanian	7.18
National Social Security Fund	Tanzanian	6.54
Social Action Trust Fund	Tanzanian	1.79
The Registered Trustees of Tanga Cement Company Limited Employees Scheme	Tanzanian	0.75
Sajjad F. Rajabali	Tanzanian	0.58
Aunali F. Rajabali	Tanzanian	0.53
Government Employees Provident Fund	Tanzanian	0.35
Local Authorities Provident Fund	Tanzanian	0.35
BP Tanzania Provident Trust Limited	Tanzanian	0.32

11. DIRECTORS

The Directors of the Company at the date of this report, all of who have served throughout the period (unless as otherwise stated) were:

Name		Nationality
Mr. C Naude (Chairperson)	Appointed – 22 May 2009	South African
Mr. J Flühmann		Swiss
Mr. D King	Resigned – 22 May 2009	South African
Mr. M Lekota	Appointed – 22 May 2009	South African
Prof. S Wangwe		Tanzanian
Mr. K Omar		Tanzanian
Ms. G Rubambey		Tanzanian
Mrs. J Nyimbo-Taylor		Tanzanian
Mr. C Kariwa	Appointed – 22 May 2009	Tanzanian

With the exception of Mr. J Flühmann, the Managing Director, and Mrs. J Nyimbo-Taylor, the Human Resources Manager, all other Directors were non-executive.

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

The Director's shareholding in the Company were as follows:

Prof. SM Wangwe	2,000 shares
Mrs. J Nyimbo-Taylor (through Employee Share Trust)	30,000 shares

Report of the Directors

For the year ended 31 December

13. DIRECTORS' REMUNERATION

The remuneration for services rendered by the Directors of the Company in 2009 was as follows:

	Amount in Tzs
Chairman of the Board of Directors	14,150,000
Other Directors	65,810,000

During the year under review, executive Directors' remuneration was Tzs 451 million (2008: Tzs 302 million).

14. KEY MANAGEMENT PERSONEL OF THE COMPANY

The key management personnel who served the Company during the year ended 31 December 2009 were:

Mr. J Flühmann	Managing Director
Mrs. J Nyimbo-Taylor	Human Resources Manager
Mr. B Lema	Plant Manager
Mr. O Kitomari	Environmental Manager
Ms. K Kerenge	Corporate Communication Manager
Mr. B Griesel	Commercial Manager
Mr. H Duggal	Head of Strategic Planning and Marketing
Mr. A Osman	Project Manager

15. ACCOUNTING POLICIES

The annual financial statements are prepared on the underlying assumption of a going concern.

The Company's accounting policies, which are laid out on pages 18 to 33 are subject to an annual review to ensure continuing compliance with International Financial Reporting Standards.

16. INVESTMENTS

The Company owned 20% of the share capital of Cement Distributors (East Africa) Limited and 20% of the share capital of East African Rail Hauliers Limited. Detailed information regarding the company's interests in associate companies is given in Note 20 to the financial statements.

17. ACQUISITIONS AND DISPOSALS

There was no material disposal or acquisition of business during year 2009 (2008: Nil).

18. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 31 to the financial statements.

19. QUALITY

The Company has a formal quality assurance accreditation program, with all operations following the ISO 9001:2008 system (2008: ISO 9001:2000 system).

20. EMPLOYEE WELFARE

Relationship between management and employees

A voluntary agreement entered into between the Tanzania Union of Industrial and Commercial Workers (TUICO) and management governs the relationship between management and employees. The voluntary agreement will expire on 31 December 2010.

Report of the Directors

For the year ended 31 December

Medical facilities

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

Training

Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. Generally, most employees have some form of annual training to upgrade skills and enhance development.

Emoluments

Salary levels are adjusted annually within the Company's means after negotiations between TUICO and management. The 2009 increments were agreed in January 2009. During the year under review, all permanent employees had an average gross income level of Tzs 18 million per annum.

Employee benefits

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

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

The average number of employees during the year was 311 (2008: 328).

21. DISABLED PERSONS

It remains the Company'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 with the organization and all necessary assistance is given with initial training. Where an employee becomes disabled during the course of his or her employment, the Company will seek suitable alternate employment and necessary training thereof. The Company's policy is not discriminatory against people with regards to race, gender, religion or disability.

22. HEALTH AND SAFETY

The Company has facilities and equipment in place, which meet the requirements contained in the Occupational Health and Safety Act, 2003 and other relevant legislation concerning industrial safety including AfriSam Occupational Health and Safety pyramid. The Company considers the health and safety awareness campaign as an on-going process.

23. CORPORATE GOVERNANCE

Code of Corporate Practice and Conduct

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

The Board of Directors

The Board of Tanga Cement Company Limited consists of eight Directors. Apart from the Managing Director and Human Resource Manager, no other Directors hold executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management against budgets and business plans. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.



Report of the Directors

For the year ended 31 December

The Board is chaired by a Non-Executive Director, who has no executive functions. The roles of 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 Company. The Non-Executive Directors are independent of management and exercise their independent judgment. With their depth of experience, they add value to Board deliberations.

The Board is required to meet at least four times a year. The Board delegates the day-to-day management of the business to the Managing Director assisted by senior management. Senior management is invited to attend Board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all 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 Company's philosophy to manage and control its business on a decentralized basis. Senior management meets on a monthly basis to review the results, operations, key financial indicators and the business strategy of the Company. Board meetings are held quarterly to deliberate the results of the Company.

Performance evaluation and reward

Details of the remuneration of Directors are disclosed in Note 31 to the financial statements. The Company utilises the results of market surveys to ensure market related salaries are paid and that market related trends are followed in terms of changes in benefits, while at the same time taking into account the intrinsic value of individual contributions. A portion of remuneration of all managerial staff, especially senior management, is linked to the performance of their respective business units and of the Company as a whole.

Risk management and internal control

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

The effectiveness and efficiency of operations;

- The safeguarding of the Company's assets (including information);
- Compliance with the applicable laws, regulations and supervisory requirements;
- The reliability of the 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 of such measures by staff. 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 systems throughout the financial year ended 31 December 2009 and is of the opinion that they met acceptable criteria.

Ethical behavior

The Company's Code of Conduct governs all its activities, internal relations and interactions with stakeholders in accordance with its ethical values. It is expected of all staff to maintain the higher 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 with the support of personnel officers.

Report of the Directors

For the year ended 31 December

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

Business ethics and organizational integrity

The Company'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 fulfill their ethical obligations in such a way that the business is run strictly according to fair commercial competitive practices.

Financial reporting and auditing

The Directors accept final responsibility for the preparation of the annual financial statements which fairly present:

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

The responsibility for compiling the annual financial statements was delegated to management.

The external auditors report on whether the annual 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, monitored by management, was maintained;
- Appropriate accounting policies, supported by reasonable and prudent judgments and estimates, were used consistently; and
- The financial statements were compiled in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

The Directors are also satisfied that no material event has occurred between the financial year-end and the date of this report.

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

24. ENVIRONMENTAL

The Company has a formal environmental control accreditation program and all operations are following the ISO 14001:2004 system.

25. AUDITORS

The auditors, Ernst & Young have expressed their willingness to continue in office as auditors and are eligible for re - appointment. A resolution proposing the re-appointment of Ernst & Young as auditors of the Company for the year 2010 will be tabled at the Annual General Meeting.



Charles Naude - Chairperson



Jürg Flühmann - Managing Director



Statement of Directors' Responsibilities

For the year ended 31 December 2009

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

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

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

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

Charles Naude - Chairperson
12 February 2010

Jürg Flühmann - Managing Director
12 February 2010

Report of the Independent Auditors

For the year ended 31 December 2009

To the Members of Tanga Cement Company Limited

We have audited the accompanying financial statements of Tanga Cement Company Limited, which comprise the statement of financial position as at 31 December 2009 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibilities for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the Companies Act, 2002. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and 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 Companies Act, 2002 and for no other purposes.

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

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

 **ERNST & YOUNG**

Ernst & Young
Certified Public Accountants
Dar es Salaam

Michael Kimoni
12th February 2010





Roaring from the top!

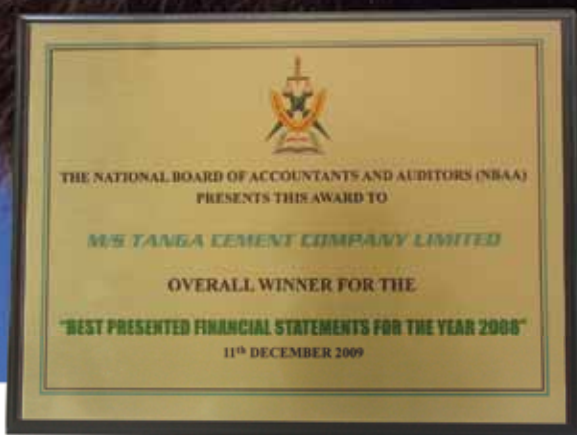
For its excellence in the presentation of its accounts Tanga Cement Company has received top awards from the National Board of Accountants and Auditors (NBAA) as follows:

1st

The best presented Financial Statements in the manufacturing and distribution category

&

Overall winner for the best presented Financial Statements in all categories.



Best Presented Financial Statements.
Tanga Cement. Leading the way.



Statement of Comprehensive Income

For the year ended 31 December

	Notes	2009 Tzs'000	2008 Tzs'000
Revenue - sale of goods		119,898,248	121,349,244
Cost of sales	7	(63,828,094)	(68,871,990)
Gross profit		56,070,154	52,477,254
Other income	9 (a)	361,012	999,277
Other expenses	9 (b)	(206,083)	(146,016)
Selling expenses	10	(1,297,792)	(1,232,231)
Administration expenses	11	(7,327,710)	(7,091,646)
Depreciation and amortization	18 & 19	(2,450,783)	(2,207,366)
Operating profit	12	45,148,798	42,799,272
Foreign exchange losses	13	(1,763,217)	(286,853)
Finance revenue	14	58,101	31,382
Finance expenses	14	-	(312,057)
Share of profit of associates	15	390,898	987,282
Profit before tax		43,834,580	43,219,026
Income tax expense	16	(13,414,337)	(12,965,708)
Profit for the year		30,420,243	30,253,318
Other comprehensive income		-	-
Total comprehensive income for the year		30,420,243	30,253,318
Earnings per share			
Basic, profit for the year attributable to ordinary equity holder's of the company (Tzs)	17(a)	478	475
Diluted, profit for the year attributable to ordinary equity holder's of the company (Tzs)	17(b)	478	475

Taarifa ya Mapato

Mwaka wa fedha uishao 31 Desemba

	Kielezo	2009 Tzs'000	2008 Tzs'000
Mapato – Mauzo ya bidhaa		119,898,248	121,349,244
Gharama za mauzo	7	(63,828,094)	(68,871,990)
Faida ghafi		56,070,154	52,477,254
Mapato mengine	9 (a)	361,012	999,277
Gharama nyingine	9 (b)	(206,083)	(146,016)
Gharama za uuzaji	10	(1,297,792)	(1,232,231)
Gharama za utawala	11	(7,327,710)	(7,091,646)
Uchakavu	18 & 19	(2,450,783)	(2,207,366)
Faida ya Uendeshaji	12	45,148,798	42,799,272
Hasara ya ubadilishaji fedha	13	(1,763,217)	(286,853)
Mapato ya fedha	14	58,101	31,382
Gharama za fedha	14	-	(312,057)
Hisa ya faida ya wenza	15	390,898	987,282
Faida kabla ya kodi		43,834,580	43,219,026
Gharama za kodi ya mapato	16	(13,414,337)	(12,965,708)
Faida kwa mwaka		30,420,243	30,253,318
Pato kuu jingine		-	-
Jumla ya Pato Kuu kwa mwaka		30,420,243	30,253,318
Mapato kwa hisa			
Faida ya msingi kwa mwaka inayostahili wamiliki wa hisa za kawaida za Kampuni (Tzs)	17(a)	478	475
Faida hafifu kwa mwaka inayostahili wamiliki wa hisa za kawaida za Kampuni (Tzs)	17(b)	478	475

Statement of Financial Position

As at 31 December

	Notes	2009 Tzs'000	2008 Tzs'000
ASSETS			
Non-current assets			
Property, plant and equipment	18	84,319,136	58,776,827
Due from employees' share trust		379,482	-
Intangible assets	19	-	39,836
Investment in associates	20	291,885	468,959
		84,990,503	59,285,622
Current assets			
Inventories	21	17,176,966	21,138,953
Trade and other receivables	22	3,808,699	4,600,852
Cash and cash equivalents	23	10,169,853	3,804,282
		31,155,518	29,544,087
TOTAL ASSETS		116,146,021	88,829,709
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	24	1,273,421	1,273,421
Revaluation surplus	24	2,668,534	2,795,906
Retained earnings		87,939,964	57,337,761
		91,881,919	61,407,088
Non-current liabilities			
Provision for site restoration	25	57,445	53,444
Deferred tax liability	16	13,293,426	6,340,887
		13,350,871	6,394,331
Current liabilities			
Interest bearing borrowing	23 & 30	-	6,078,136
Trade and other payables	26	10,626,875	14,422,864
Income tax payable	27	286,356	527,290
		10,913,231	21,028,290
TOTAL EQUITY AND LIABILITIES		116,146,021	88,829,709

These financial statements were approved by the Board of Directors for issue on 12 February 2010 and were signed on their behalf by:



Charles Naude
Chairperson



Jürg Flühmann
Managing Director

Mizania ya Kampuni

kama ilivyokuwa 31 Desemba

	Kielezo	2009 Tzs'000	2008 Tzs'000
RASILIMALI			
Rasilimali za kudumu			
Mali, mitambo na vifaa	18	84,319,136	58,776,827
Stahiki kutoka kwa mfuko wa hisa wa wafanyakazi		379,482	-
Rasilimali zisizoshikika	19	-	39,836
Uwekezaji kwa wenza	20	291,885	468,959
		84,990,503	59,285,622
Rasilimali za muda			
Bidhaa	21	17,176,966	21,138,953
Hesabu za kupokelewa kibiashara na nyingine	22	3,808,699	4,600,852
Taslimu na benki	23	10,169,853	3,804,282
		31,155,518	29,544,087
JUMLA YA RASILIMALI		116,146,021	88,829,709
HISA NA DHIMA			
Mtaji na akiba			
Mtaji wa hisa ulitolewa	24	1,273,421	1,273,421
Ziada Iliyothaminiwa upya	24	2,668,534	2,795,906
Mapato yaliyobakishwa		87,939,964	57,337,761
		91,881,919	61,407,088
Dhima za Kudumu			
Tengo la utunzaji eneo	25	57,445	53,444
Dhima ya kodi Iliyochelewa	16	13,293,426	6,340,887
		13,350,871	6,394,331
Dhima za Muda			
Mkopo wenye riba	23 & 30	-	6,078,136
Madeni ya kibiashara na mengineyo	26	10,626,875	14,422,864
Madeni ya kodi ya mapato	27	286,356	527,290
		10,913,231	21,028,290
JUMLA YA HISA/MTAJI NA DHIMA		116,146,021	88,829,709

Taarifa hizi za fedha zimeidhinishwa na Bodi ya Wakurugenzi ili zitumike tarehe 12 Februari 2010 na zimetwa saini kwa niaba yao na:



Charles Naude
Chairperson



Jürg Flühmann
Managing Director

Statement of Changes in Equity

For the year ended 31 December

	Notes	Issued Capital Tzs'000	Revaluation Surplus Tzs'000	Retained earnings Tzs'000	Total Tzs'000
At 1 January 2008		1,273,421	2,933,351	46,307,762	50,514,534
Profit for the period		-	-	30,253,318	30,253,318
Total comprehensive income		-	-	30,253,318	30,253,318
Dividends	28	-	-	(19,419,669)	(19,419,669)
Transfer from deferred taxation	16	-	58,905	-	58,905
Transfers - Depreciation transfer on revalued property, plant and equipment	24 (b)	-	(196,350)	196,350	-
At 31 December 2008		1,273,421	2,795,906	57,337,761	61,407,088
At 1 January 2009		1,273,421	2,795,906	57,337,761	61,407,088
Profit for the period		-	-	30,253,318	30,253,318
Total comprehensive income		-	-	30,420,243	30,420,243
Dividends	28	-	-	-	-
Transfer from deferred taxation	16	-	54,588	-	54,588
Transfers - Depreciation transfer on revalued property, plant and equipment	24 (b)	-	(181,960)	181,960	-
At 31 December 2009		1,273,421	2,668,534	87,939,964	91,881,918

Taarifa ya Mabadiliko ya Hisa/Mtaji

Mwaka wa fedha uishao 31 Desemba

	Ufafanuzi	Mtaji Uliotolewa Tzs'000	Ziada Iliyodhaminiwa Tzs'000	Mapato yaliyobakishwa Tzs'000	Jumla Tzs'000
Hadi 1 Januari 2008		1,273,421	2,933,351	46,307,762	50,514,534
Faida kwa Kipindi		-	-	30,253,318	30,253,318
Jumla ya Pato Kuu		-	-	30,253,318	30,253,318
Gawio	28	-	-	(19,419,669)	(19,419,669)
Uhamisho kutoka iliyoahirishwa	16	-	58,905	-	58,905
Uhamisho – Uhamisho wa uchakavu kwa majengo, mitambo na vifaa vilivyotathminiwa upya.	24 (b)	-	(196,350)	196,350	-
Hadi 31 Desemba 2008		1,273,421	2,795,906	57,337,761	61,407,088
Hadi 1 Januari 2009		1,273,421	2,795,906	57,337,761	61,407,088
Faida kwa Kipindi		-	-	30,253,318	30,253,318
Jumla ya Pato Kuu		-	-	30,420,243	30,420,243
Gawio	28	-	-	-	-
Uhamisho kutoka kodi iliyoahirishwa	16	-	54,588	-	54,588
Uhamisho – Uhamisho wa uchakavu kwa majengo, mitambo na vifaa vilivyotathminiwa upya.	24 (b)	-	(181,960)	181,960	-
Hadi 31 Desemba 2009		1,273,421	2,668,534	87,939,964	91,881,918

Statement of Cash Flows

For the year ended 31 December

	Notes	2009 Tzs'000	2008 Tzs'000
Operating activities			
Operating Profit		45,148,798	42,799,272
Adjustment to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation and amortisation		2,450,783	2,207,366
Loss on sale of property, plant and equipment		206,083	146,016
Provision for site restoration		4,001	4,001
Foreign exchange losses		(1,763,217)	(286,853)
Provision for Stock obsolesce		252,891	-
Working capital adjustments:			
Decrease/(increase) in inventory		3,961,987	(3,450,481)
Decrease/(increase) in trade and other receivables		792,153	(1,381,782)
(Decrease)/increase in trade and other payables		(3,795,989)	2,875,180
		47,257,490	42,912,719
Dividends received	15	540,000	954,000
Interest received	14	58,101	31,382
Interest paid	14	-	(312,057)
Income taxes paid	27	(6,648,144)	(11,686,648)
Net cash flows from operating activities		41,207,447	31,899,396
Investing activities			
Proceeds from sale of property, plant and equipment		100,570	150,789
Purchase of property, plant and equipment		(28,484,828)	(20,429,581)
Net cash flow used in investing activities		(28,384,258)	(20,278,792)
Financing activities			
Employees' share trust		(379,482)	-
Dividends paid to equity holders	28	-	(19,419,669)
Net cash flow used in financing activities		(379,482)	(19,419,669)
Net increase/(decrease) in cash and cash equivalents		12,443,707	(7,799,065)
Cash and cash equivalents at 1 January		(2,273,854)	5,525,211
Cash and cash equivalents at 31 December	23	10,169,853	(2,273,854)

Mtiririko wa Fedha

Mwaka wa fedha uishao 31 Desemba

	Kielezo	2009 Tzs'000	2008 Tzs'000
Shughuli za Uendeshaji			
Faida ya Uendeshaji		45,148,798	42,799,272
Marekebisho kulinganisha faida kabla ya kodi kwenye mapato halisi			
Rasilimali zisizo za fedha:			
Uchakavu		2,450,783	2,207,366
Hasara/(faida) kwa mauzo ya mali, mitambo na vifaa		206,083	146,016
Provision for site restoration		4,001	4,001
Tengo kwa ajili ya utunzaji eneo		(1,763,217)	(286,853)
Hasara ya ubadilishaji fedha za Kigeni		252,891	-
Marekebisho ya Mtaji utumikao:			
Ongezeko la bidhaa		3,961,987	(3,450,481)
(Ongezeko)/punguzo la biashara na vinavyotarajiwa kupokewa		792,153	(1,381,782)
(Ongezeko)/punguzo la biashara na vingine vya kulipiwa		(3,795,989)	2,875,180
		47,257,490	42,912,719
Gawio lililopokewa	15	540,000	954,000
Riba iliyopokewa	14	58,101	31,382
Riba iliyolipwa	14	-	(312,057)
Kodi za mapato zilizolipwa	27	(6,648,144)	(11,686,648)
Mapato halisi kutokana na shughuli za uendeshaji		41,207,447	31,899,396
Shughuli za Uwekezaji			
Mapato ya mauzo ya mali, mitambo na vifaa		100,570	150,789
Ununuzi wa mali, mitambo na vifaa		(28,484,828)	(20,429,581)
Mapato halisi yaliyotumika katika uwekezajis		(28,384,258)	(20,278,792)
Shughuli za Kugharimia			
Mfuko wa hisa wa Wafanyakazi		(379,482)	-
Gawio waliolipwa wanahisa	28	-	(19,419,669)
Mapato halisi yaliyotumiwa katika shughuli za kugharimia		(379,482)	(19,419,669)
Punguzo halisi la taslimu na hawala		12,443,707	(7,799,065)
Fedha taslimu na hawala tarehe 1 Januari		(2,273,854)	5,525,211
Fedha taslimu na hawala tarehe 31 Desemba	23	10,169,853	(2,273,854)

Notes to the Financial Statements

For the year ended 31 December

1. COMPANY INFORMATION

The financial statements of Tanga Cement Company Limited for the year ended 31 December 2009 were authorized for issue in accordance with a resolution of Directors on 12 February 2010. The Company is incorporated in Tanzania under the Companies Act, 2002 as a limited company and it is domiciled in Tanga Tanzania. The principal activities of the Company are disclosed in the Report of the Directors. Tanga Cement Company Limited's shares are publicly traded at the Dar es Salaam Stock Exchange.

2. BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis modified to include revaluation of property, plant and equipment. No other adjustments have been made for inflationary factors affecting the statement. The financial statements are prepared in Tanzanian Shillings and all values are rounded to the nearest thousand (Tzs'000) except when otherwise indicated.

Statement of compliance

The financial statements of Tanga Cement Company Limited have been prepared in accordance with International Financial Reporting Standards (IFRS), and comply with the Companies Act, 2002.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

- IFRS 2 Share-based Payment: Vesting Conditions and Cancellations effective 1 January 2009
- IFRS 2 Share-based Payment: Group cash –settled Share-based payment Transactions effective 1 January 2010 (early adopted)
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and separate Financial Statements (Amended) effective 1 July 2009 (early adopted) including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IFRS 7 Financial Instruments: Disclosure effective 1 January 2009
- IFRS 8 Operating Segments effective 1 January 2009
- IAS 1 Presentation of Financial Statements effective 1 January 2009
- IAS 23 Borrowing Cost (Revised) effective January 2009
- IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and obligation arising on liquidation effective 1 January 2009
- IAS 39 Financial Instruments: Recognition and measurement – Eligible Hedged items effective 1 July 2009 (early adopted)
- IFRIC 9 Re-measurement of Embedded derivatives and IAS 39 Financial Instruments: Recognition and measurement effective for periods ending on or after 30 June 2009
- IFRIC 13 Customer Loyalty Programmes effective 1 July 2008
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation effective 1 October 2008
- IFRIC 18 Transfers of Assets from Customers effective 1 July 2009 (early adopted)
- Improvements to IFRSs (May 2008)
- Improvements to IFRSs (April 2009, early adopted)

When the adoption of the standard or the interpretation is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

IFRS 7 Financial Instruments disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all

Notes to the Financial Statements

For the year ended 31 December

financial instruments recognized at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 16. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 31.

IFRS 8 Operating Segments

The IASB issued IFRS 8 in November 2006. IFRS 8 replaces IAS 14 Segment Reporting (IAS14) upon its effective date. The Company early adopted this amendment as of 1 January 2008. The Company concluded that this amendment does not have an impact on the disclosures of the Company as the company has only one operating segment.

IAS 1 Presentation of the Financial Statements

The revised standard separates owner and non owner changes in equity. The statement of changes in equity includes only details of the transactions with owners, with non owners changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognized income and expenses, either in one single statement or in two linked statements. The Company has selected to present single statement.

IAS 23 Borrowing Costs (Revised)

The IASB issued an amendment to IAS 23 in April 2007. The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Company's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended IAS 23, the Company has adopted the standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009. During the 12 months to 31 December 2009, Tzs 586 million of borrowing costs have been capitalised on long-term construction in progress as presented in Note 18.

Improvements to IFRSs

In May 2008 and April 2009 the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial positioning or performance of the Company.

- IFRS 5 Non-Current Asset held for sale and Discontinued Operations: clarified that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply specifically required for such non-current assets or discontinued operations. This amendment did not have impact on the financial statements of the Company.
- IFRS 8 Operating Segments Information: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. This amendment did not have impact on the financial statements of the Company.
- IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance for IAS 39 Financial Instruments: Recognition and measurement are not automatically classified as current in the statement of financial position. The Company analysed whether the expected period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any reclassification of financial instruments between current and non-current in the statement of financial position.

Notes to the Financial Statements

For the year ended 31 December

- IAS 7 Statement of Cash Flows: Explicitly states that only expenditure that results in recognizing an asset can be classified as a cash flow from investing activities. This amendment did not have impact in the presentation of the statement of cash flows.
- IAS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". The Company amends its accounting policy accordingly, which did not result in any change in the financial position.
- IAS 18 Revenue: The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:
 - Has primary responsibility for providing the goods or services
 - Has inventory risk
 - Has discretion in establishing prices
 - Bears the credit risk

This amendment did not have impact on the financial statements of the Company.

- IAS 20 Accounting for Government Grants and Disclosures of Government Assistance: Loans granted with no or low interest will not be exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below-market interest rates. This amendment did not impact the Company.
- IAS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39. The Company has amended its accounting policy accordingly which did not result in any change in its financial position.
- IAS 36 Impairment of Assets: When discounted cash flows are used to estimate 'Fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosure required when the discounted cash flow are used to estimate 'value in use'. This amendment had no immediate impact on the financial statements of the Company because the recoverable amount of its cash generating units currently estimates using 'value in use'.

The amendment clarified that the largest unit permitted for allocation goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Company.

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

Other amendments resulting from improvements to IFRS to the following standards did not have any impact on the accounting policies, financial positioning or performance of the Company:

- IFRS 2 Share-based Payment
- IFRS 7 Financial Instruments: Disclosures
- IAS 8 Accounting Policies, Change in Accounting Estimates and Error
- IAS 10 Events after the Reporting Period
- IAS 19 Employee Benefits
- IAS 27 Consolidated and Separate Financial Statements

Notes to the Financial Statements

For the year ended 31 December

- IAS 28 Investments associates
- IAS 31 Interest in Joint Ventures
- IAS 34 Interim Financial Reporting
- IAS 38 Intangible Assets
- IAS 40 Investment Properties
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedge of Net Investment in a Foreign Operation.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgments

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

Operating lease commitments – Company as a lessee

The Company has entered into lease agreements for office space and residential. The Company has determined that it does not retain significant risks and rewards of ownership of these properties and so accounts for them as operating leases.

Estimates and assumptions

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

Provision for quarry restoration

The Company'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). From management's point of view there should not be any need for provision to cover future costs for restoration of the quarry area due to continuous ongoing backfilling and the way the area is left after extraction. The Company has re-cultivated the lands of the quarry that will no longer be mined. The Company has prepared a quarry restoration plan.

Asset useful lives

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

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Intangibles are tested for impairment annually and 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. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to the Financial Statements

For the year ended 31 December

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

Revenue is recognised to the extent that it is probable those future economic benefits will flow to the company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Valued Added Taxation (VAT).

Sale of goods

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

Technical fees

Revenue is recognised when service is rendered.

Dividends

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

b) Foreign currency translation

The financial statements are presented in Tanzanian Shillings, which is the Company's functional and presentation currency. Transactions in foreign currencies during the year are translated into Tanzanian Shillings at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are re-translated at the exchange rate ruling at the balance sheet date. Resulting exchange differences are recognised in the Statement of comprehensive income for the year. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate ruling at the date of transaction.

c) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. All other repair and maintenance costs are recognised in profit and loss as incurred.

Depreciation 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:

• 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% – 12.50%
• Fixtures, fittings and equipment	3.33% – 33.33%

Property, plant and equipment of the Company were re-valued to reflect their market value at the acquisition date by the new owners. Any excess of the value of the net assets acquired over their cost at the date of takeover is described as revaluation surplus.

An annual transfer from the revaluation surplus to retained earnings is made for the difference between the depreciation based on the re-valued carrying amount of the assets and depreciation based on the assets original cost.

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 de-recognition of the asset, (calculated as the difference between the net

Notes to the Financial Statements

For the year ended 31 December

disposal proceeds and the carrying amount of the asset) is included in the Statement of comprehensive income in the year the asset is derecognised.

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

d) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, if 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 obligation. The expense relating to any provision is recognised in the Statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognised as a finance cost.

Site restoration provision

A provision is made over the life of the quarry, for the restoration of the quarry and general upkeep of the environment surrounding the quarry. The annual charge to the Statement of comprehensive income is based on the expected life of the quarry and is included in operating expenditure.

The current cost is the sum of money required to return the quarry to the necessary state if paid at the end of the financial period.

e) Investment in associates

The Company investments in its associates are accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Company's share of the net assets of the associate. The Statement of comprehensive income reflects the share of the results of operations of the associate. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the Statement of comprehensive income. This is the profit attributable to equity holders of the associates.

After application of the equity method, the Company determines whether it is necessary to recognise any additional impairment loss with respect to the Company's net investment in the associate. The Company determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Company 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 Statement of comprehensive income.

The reporting dates of the associates and the Company are identical.

f) Inventory

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

Raw materials and consumables – average cost on a first-in-first-out basis



Notes to the Financial Statements

For the year ended 31 December

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

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

g) 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, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

The 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.

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

Subsequent measurement

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

Loans and receivables

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

h) 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 Company determines the classification of its financial liabilities at initial recognition.

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

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

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the Statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Notes to the Financial Statements

For the year ended 31 December

i) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and cash on hand.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in bank and cash on hand, net of the outstanding bank overdrafts.

j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method for an intangible asset with a finite useful life is reviewed annually at each financial year end. The change in the useful life is accounted for by changing the amortisation period or method and treated as change in accounting estimate. The amortisation expense on intangible assets with finite useful lives is recognised as an expense in the Statement of comprehensive income.

k) 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, are calculated based on quantities of limestone and red soil crushed/hailed and pozzolana used during the year under review.

l) Impairment of non-financial assets

The carrying amounts of tangible and intangible assets are reviewed at each balance sheet date to determine whether there is objective evidence that an asset or a group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and an impairment loss recognised for the difference between the recoverable amount and the carrying amount.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

Notes to the Financial Statements

For the year ended 31 December

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in Statement of comprehensive income unless the asset is carried at the re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

m) Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date. The current rate of corporate taxation is 30%.

Deferred tax

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and tax losses can be utilized 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 transaction, affects neither accounting profit nor taxable profit or loss; and

in respect of deductible temporary differences associated with the investments in 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 the deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income tax relating to items recognised in equity is recognised in equity and not in the Statement of comprehensive income.

Notes to the Financial Statements

For the year ended 31 December

Value added tax

Revenues, expenses and assets are recognised at amounts net of value added tax except:

- where the value added tax is incurred on a purchase of an asset or service 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 part of the expense item as applicable.
- receivables and payables 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 the receivables or payables in the balance sheet.

n) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a potential period of time to get ready for its intended use are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Company capitalises borrowing costs for all eligible assets where construction was commenced on or after 1 January 2009. The company continues to expense borrowing costs relating to construction projects that commenced prior to 1 January 2009.

o) Employees' benefits

All of the Company's local employees are either members of the National Social Security Fund ("NSSF") or 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 Company and employees both contribute 10% of the employees' gross salaries to the NSSF. For PPF, the Company and employees contribute 15% and 5%

of the employees' basic salaries to the scheme respectively. The contribution is charged to the Statement of comprehensive income when incurred.

p) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date of 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.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Company as a lessee

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

q) Construction in progress

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

Notes to the Financial Statements

For the year ended 31 December

Where there is a significant interval between the time at which cost is incurred in connection with the acquisition of an asset, and when the asset will be ready for use, the cost is accumulated in capital work in progress. At the time the asset is ready for use, the accumulated cost is to be transferred to the appropriate category and depreciation starts.

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

r) Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of the financial assets is impaired. A financial asset or a group of the 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 (as incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payment, the probability that they will enter bankruptcy or other financial reorganization 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.

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

s) Offsetting of financial instruments

Financial assets and liabilities are offset, only if, there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

t) Derecognition of financial assets and liabilities

Financial assets

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

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

When the Company 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 the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

Financial liabilities

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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 December

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective to the date of issuance of the Company's financial statements are listed below.

IFRIC 17 Distributions of Non-Cash Assets to Owners

The interpretation is effective for annual periods beginning on or after 1 July 2009 with early application permitted. It provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognise a liability, how to measure it and the associated assets, and when to derecognise the asset and liability. The Company does not expect IFRIC 17 to have an impact on the financial statements as the Company has not made non-cash distributions to shareholders in the past.

	2009 Tzs'000	2008 Tzs'000
7. COST OF SALES		
Finished goods purchased	(5,899,248)	(7,857,883)
Raw materials	(6,028,374)	(6,465,771)
Distribution costs	(8,745,923)	(7,777,629)
Fuel expenses	(15,406,176)	(16,021,212)
Electricity expenses	(7,474,184)	(7,170,066)
Personnel expenses	(6,394,511)	(7,069,782)
Maintenance expenses	(5,615,556)	(7,883,346)
Other production expenses	(8,473,656)	(8,749,986)
Royalties (Note 8)	(93,146)	(115,273)
Changes in inventory	302,680	238,958
This does not tie with the face of SCI	<u>(63,828,094)</u>	<u>(68,871,990)</u>
8. ROYALTIES		
Limestone	(74,405)	(72,905)
Red soil	(7,555)	(7,134)
Pozzolana	(11,186)	(35,234)
	<u>(93,146)</u>	<u>(115,273)</u>

Royalties payable to the Resident Mines Officer and Zonal Mines Officer from the Ministry of Energy and Minerals and local government during the year are recognized as expenses and are included in the cost of sales line item as part of direct costs of raw materials.

Notes to the Financial Statements

For the year ended 31 December

	2009 Tzs'000	2008 Tzs'000
9 (a). OTHER INCOME		
Technical fees	305,422	304,965
Sundry income	55,590	694,312
	<u>361,012</u>	<u>999,277</u>
9 (b). OTHER EXPENSES		
Loss on sale of property, plant and equipment	<u>(206,083)</u>	<u>(146,016)</u>
10. SELLING EXPENSES		
Other marketing and sales expenses	(76,767)	(65,181)
Personnel expenses	(752,431)	(708,984)
Third party service	(468,594)	(459,066)
	<u>(1,297,792)</u>	<u>(1,232,231)</u>
11. ADMINISTRATION EXPENSES		
Personnel expenses	(4,398,383)	(3,782,062)
Third party service	(1,358,806)	(1,701,029)
Other administration expenses	(1,570,521)	(1,608,555)
	<u>(7,327,710)</u>	<u>(7,091,646)</u>
12. OPERATING PROFIT		
Operating profit from operations is after (charging)/crediting:		
Loss gain on sale of property, plant and equipment	(206,083)	(146,016)
Audit fees – external	(67,318)	(60,641)
Directors' expenses	(92,546)	(124,050)
Holcim Group Support - group fee	(2,092,051)	(1,866,657)
Staff costs:		
- Service costs	(8,500,886)	(8,660,399)
- Defined contribution plan	(1,250,089)	(1,081,852)
Rentals – Operating lease payments	(175,061)	(214,284)
Depreciation and amortization	<u>(2,450,783)</u>	<u>(2,207,366)</u>
13. FOREIGN EXCHANGE LOSSES		
Foreign exchange losses	<u>(1,763,217)</u>	<u>(286,853)</u>
14. FINANCE REVENUE AND EXPENSES		
Finance revenue	<u>58,101</u>	<u>31,382</u>
Finance expenses - interest on bank overdraft	<u>-</u>	<u>(312,067)</u>

Notes to the Financial Statements

For the year ended 31 December

	2009 Tzs'000	2008 Tzs'000
15. SHARE OF PROFIT OF ASSOCIATES		
Dividends received		
- Cement Distributors (East Africa) Limited	540,000	954,000
	<u>540,000</u>	<u>954,000</u>
Share of retained profits		
- Cement Distributors (East Africa) Limited	(114,818)	32,680
- East African Rail Hauliers Limited	(34,284)	602
	<u>(149,102)</u>	<u>33,282</u>
	<u>390,898</u>	<u>987,282</u>
Dividends received are net of 10% withholding tax.		
16. INCOME TAX		
Current income tax		
Current income tax charge	(6,407,210)	(10,361,856)
Deferred tax charge	(7,007,127)	(2,603,852)
	<u>(13,414,337)</u>	<u>(12,965,708)</u>
Deferred tax		
Due to accelerated capital allowances		
At 1 January	5,215,879	2,612,027
Charge for the year	7,007,127	2,603,852
At 31 December	<u>12,223,006</u>	<u>5,215,879</u>
Due to creation of revaluation surplus		
At 1 January	1,125,008	1,183,913
Transfer to revaluation surplus	(54,588)	(58,905)
At 31 December	<u>1,070,420</u>	<u>1,125,008</u>
Total deferred taxation	<u>13,293,426</u>	<u>6,340,887</u>
Tax rate reconciliation		
Standard rate of Tanzania normal taxation	30.00	30.00
The standard rate has been affected by:		
- Expenses not deductible for tax purposes	4.3	-
- Income taxed at reduced rate	(3.7)	-
	<u>30.60</u>	<u>30.00</u>

Notes to the Financial Statements

For the year ended 31 December

17. EARNINGS PER SHARE

(a) Basic earnings per share

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

Attributable profit to ordinary shareholders - Tzs	30,420,243	30,253,318
Weighted average number of ordinary shares	63,671,045	63,671,045

(b) Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company (after deducting interest on the convertible non-cumulative redeemable preferences shares) 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.

Attributable profit to ordinary shareholders - Tzs	30,420,243	30,253,318
Weighted average number of ordinary shares	63,671,045	63,671,045

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land and Buildings Tzs'000	Plant and Machinery Tzs'000	Motor Vehicles Tzs'000	Furniture Fittings & Equipment Tzs'000	Capital Work in Progress Tzs'000	Total Tzs'000
At 1 January 2009	3,821,429	46,005,063	1,387,065	847,433	23,070,068	75,131,058
Additions	179,480	23,017,355	215,217	273,329	4,799,447	28,484,828
Transfers	7,610,425	16,733,926	-	-	(24,344,351)	-
Disposals	(68,902)	(1,343,125)	(256,950)	(1,004,160)	-	(2,673,137)
At 31 December 2009	11,542,431	84,413,219	1,345,332	116,602	3,525,165	100,942,749
Cost	10,733,443	74,757,865	1,174,437	66,515	3,525,165	90,257,425
Revaluation – 1996	808,988	9,655,354	170,895	50,087	-	10,685,324
	11,542,431	84,413,219	1,345,332	116,602	3,525,165	100,942,749
Depreciation						
At 1 January 2009	1,529,567	13,593,551	448,298	782,815	-	16,354,231
Charge for the year	138,338	2,618,378	190,512	16,593	-	2,963,821
Disposals/value adjustment	(65,294)	(1,226,148)	(103,603)	(746,520)	-	(2,141,565)
Write-up	(115,012)	(437,862)	-	-	-	(552,874)
At 31 December 2009	1,487,599	14,574,919	535,207	52,888	-	16,623,613
Net book value						
At 31 December 2009	10,054,832	69,865,300	810,125	63,714	3,525,165	84,319,136

Notes to the Financial Statements

For the year ended 31 December

	Leasehold Land and Buildings Tzs'000	Plant and Machinery Tzs'000	Motor Vehicles Tzs'000	Furniture Fittings & Equipment Tzs'000	Capital Work in Progress Tzs'000	Total Tzs'000
At 1 January 2008	3,106,274	31,415,627	1,679,607	794,820	18,320,320	55,316,648
Additions	324,431	5,910,460	238,461	52,613	13,903,616	20,429,581
Transfers	474,892	8,678,976	-	-	(9,153,868)	-
Disposals	(84,168)	-	(531,003)	-	-	(615,171)
At 31 December 2008	3,821,429	46,005,063	1,387,065	847,433	23,070,068	75,131,058
Cost	3,012,441	36,349,709	1,216,170	797,346	23,070,068	64,445,734
Revaluation - 1996	808,988	9,655,354	170,895	50,087	-	10,685,324
	3,821,429	46,005,063	1,387,065	847,433	23,070,068	75,131,058
Depreciation						
At 1 January 2008	1,448,280	11,725,985	560,318	770,486	-	14,505,069
Charge for the year	99,260	1,867,566	190,919	9,783	-	2,167,528
Disposals/value adjustment	(17,973)	-	(302,939)	2,546	-	(318,366)
At 31 December 2008	1,529,567	13,593,551	448,298	782,815	-	16,354,231
Net book value						
At 31 December 2008	2,291,862	32,411,512	938,767	64,618	23,070,068	58,776,827

Information relating to property, plant and equipment:

(i) The property, plant and equipment are used as security for facilities provided by the NBC Limited, Standard Chartered Bank Limited and Stanbic Bank Tanzania Limited, refer Note 30.

(ii) The property, plant and equipment were revalued by an independent sworn appraiser in 1996 to reflect their market value at the acquisition date by the new owners and the excess over cost credited to the revaluation reserve. The revaluation was carried out in line with Government of Tanzania disposal of its shares in the company to the new owners.

(iii) In December 2007 an independent valuation was carried out by a sworn appraiser for the purpose of establishing the market value of the Company's property, plant and equipment. The net current replacement cost of the plant and equipment amounted to US\$ 200 million. No adjustment was made in the accounting records to reflect the current market value of the Company's property, plant and equipment.

(iv) Included in Plant and Machinery at 31 December 2009 is Tzs 44 billion relating to the capitalized cement mill (2008: Tzs Nil).

The amount of borrowing cost capitalized during the year ended 31 December 2009 was Tzs 586 million (2008: Tzs Nil). The rate used to determine the amount of borrowing cost eligible for capitalization was 14%, which is effective interest rate of the specific borrowing.



Notes to the Financial Statements

For the year ended 31 December

	2009	2008
	Tzs'000	Tzs'000
19. INTANGIBLE ASSETS		
Computer software		
Balance brought forward	39,836	79,674
Amortised during the period	(39,836)	(39,838)
Balance carried forward	<u>-</u>	<u>39,836</u>
<p>The useful life of computer software was assessed to be six years.</p>		
20. INVESTMENT IN ASSOCIATES		
Unlisted shares at cost	154,960	154,960
Share of post acquisition reserves	136,925	313,999
	<u>291,885</u>	<u>468,959</u>

The Company owns 20% of Cement Distributors (East Africa) Limited's total ordinary shares in issue. The associate's principal activity is the distribution of cement.

Cement Distributors (East Africa) Limited is a private entity that is not listed on any public exchange.

The Company also owns 20% of East African Rail Hauliers Limited total ordinary shares issued. The principle activity of the associate is the rail transportation of cement and other products Tanzanian mainland. East African Rail Hauliers Limited is a private entity that is not listed on any public exchange.

Notes to the Financial Statements

For the year ended 31 December

The following table illustrates summarized financial information of the Company's investment in Cement Distributors (East Africa) Limited and East African Rail Hauliers Limited:

	CDEAL	EARHL	TOTAL
Report on Associate Companies 2009 – Tzs			
The Company's proportionate share of retained earnings is as follows:			
Sales	29,782,349	995,151	30,777,500
Operating profit	709,920	(21,575)	688,345
Borrowing costs	(16,803)	(12,709)	(29,512)
Profit before taxation	693,117	(34,284)	658,833
Income tax expense	(207,935)	-	(207,935)
Profit for year	485,182	(34,284)	450,898
Brought to account by the Company as dividend income	(600,000)	-	(600,000)
Extraordinary items	-	-	-
Share of earnings retained by associates	(114,818)	(34,284)	(149,102)
Net assets acquired during year	126,949	14,810	141,759
Minorities Share	-	-	-
Transfer direct to non-distributable reserves	-	-	-
Carrying value at beginning of year	313,869	154,487	468,356
Investment in associate sold	-	-	-
Investment in associate written off	(165,286)	(3,843)	(169,129)
Carrying value at end of year	160,714	131,171	291,885

The Group's proportionate share of assets and liabilities is as follows:

Share Capital	20,400	134,561	154,961
Accumulated profit	596,635	133,611	730,246
Non-current liabilities	-	29,009	29,009
Non-current assets	367,124	849,425	1,216,549
Net current assets / (liabilities)	(255,671)	(18,768)	(274,438)

- (i) No adjustments have been made for any unrealised profits arising from transactions between the Group and the associate companies.
- (ii) The above figures are determined from the latest audited financial statements but where these are older than six months the latest financial information available is used.

The accounting policies of the associates are materially similar to those of the Group.

The financial position of the associates has not been affected by any significant events occurring between the dates of the associates' financial statements and the Group's annual report.

Notes to the Financial Statements

For the year ended 31 December

Report on Associate Companies 2008 – Tzs The Group's proportionate share of retained earnings is as follows:

	CDEAL	EARHL	TOTAL
Sales	30,541,791	752,304	31,294,095
Operating profit	1,001,396	(13,691)	987,705
Borrowing costs	(4,534)	(13,266)	(17,800)
Profit before taxation	996,862	(26,957)	969,905
Taxation	(299,058)	-	(299,058)
Profit for year	697,803	(26,957)	670,846
Brought to account by the Group as dividend income	(1,060,000)	-	(1,060,000)
Extraordinary items	-	-	-
Share of earnings retained by associates	(362,197)	(26,957)	(389,154)
Net assets acquired during year	287,330	27,559	314,889
Minorities Share	-	-	-
Transfer direct to non-distributable reserves	-	-	-
Carrying value at beginning of year	281,190	154,487	435,677
Investment in associate sold	107,546	-	107,546
Investment in associate written off	-	-	-
Carrying value at end of year	313,869	155,089	468,959

The Group's proportionate share of assets and liabilities is as follows:

Share Capital	20,400	134,561	154,961
Accumulated profit	1,040,669	252,631	1,293,300
Non-current liabilities	90,894	69,283	160,177
Non-current assets	219,308	834,615	1,053,923
Net current assets / (liabilities)	117,528	(78,017)	39,512

- (i) No adjustments have been made for any unrealised profits arising from transactions between the Group and the associate companies.
- (ii) The above figures are determined from the latest audited financial statements but where these are older than six months the latest financial information available is used.

The accounting policies of the associates are materially similar to those of the Group.

The financial position of the associates has not been affected by any significant events occurring between the dates of the associates' financial statements and the Group's annual report.

	2009 Tzs'000	2008 Tzs'000
21. INVENTORIES		
Raw materials (at cost)	2,006,422	1,219,085
Semi finished and finished products (at cost)	1,869,970	5,951,057
Fuels (at cost)	2,996,992	5,466,938
Parts and consumables (at cost)	10,303,582	8,501,873
	17,176,966	21,138,953

The amount of inventory written back recognised as an income is Tzs 268 million (2008: Tzs 386 million as an expense). This write back is included in the cost of sales line item as an income, which is disclosed in Note 7.

Notes to the Financial Statements

For the year ended 31 December

	2009 Tzs'000	2008 Tzs'000
22. TRADE AND OTHER RECEIVABLES		
Trade receivables	2,040,328	1,892,886
Prepaid expenses	752,752	672,380
Other receivables	1,064,755	2,084,724
Provision for impairment of receivables	(49,136)	(49,136)
	<u>3,808,699</u>	<u>4,600,852</u>
Trade receivables are non-interest bearing and are generally on 30 day terms. Days' sales outstanding for 2009 were 4 days (2008: 6 days). Trade receivables amounting to Tzs Nil (2008: Tzs Nil) were impaired and fully provided for.		
Movement on the provision for impairment of trade and other receivables:		
At 1 January	49,136	223,811
Charge for the year	-	-
Recoveries	(49,136)	(174,675)
At 31 December	<u>-</u>	<u>49,136</u>
As at 31 December, the ageing analysis of trade receivables is as follows:		
Up to 30 days	2,036,289	1,904,847
61 days	1,718	11,403
91 days	2,322	-
122 days	-	-
Over 123 days	-	(23,364)
At 31 December	<u>2,040,329</u>	<u>1,892,886</u>
23. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	10,169,853	3,804,282
Interest bearing borrowings	-	(6,078,136)
	<u>10,169,853</u>	<u>(2,273,854)</u>
24. ISSUED CAPITAL AND RESERVE		
(a) Authorised		
63,671,045 Ordinary shares of Tzs 20 each	<u>1,273,421</u>	<u>1,273,421</u>
Issued and fully paid		
63,671,045 Ordinary shares of Tzs 20 each	<u>1,273,421</u>	<u>1,273,421</u>
(b) Revaluation Surplus		
Property, plant and equipment of the Company were revalued to reflect their market value at the acquisition date by new owners in 1996. Any excess of the value of the net assets acquired over their cost at the date of takeover is described as revaluation surplus.		
25. PROVISION FOR SITE RESTORATION		
At 1 January	53,444	49,443
Additional provision during the year	4,001	4,001
At 31 December	<u>57,445</u>	<u>53,444</u>

Notes to the Financial Statements

For the year ended 31 December

Provision for site restoration is based on the estimated net present value of cash outflows that will be required to restore the environment. The provision is assessed on an annual basis and any increase/(decrease) is recognised in the Statement of comprehensive income.

During year 2009, the Directors engaged experts from the group company to review the adequacy of the provision and it was confirmed to the Directors that the current provision is adequate as the company is performing concurrent rehabilitation.

	2009	2008
	Tzs'000	Tzs'000
26. TRADE AND OTHER PAYABLES		
Trade payables	3,266,824	6,878,111
Other payables	7,360,051	7,544,753
	<u>10,626,875</u>	<u>14,422,864</u>
Terms and conditions of the above financial liabilities:		
• Trade payables are non-interest bearing and are normally settled between 15 to 45 days after date of invoice.		
• Other payables are non-interest bearing and have an average term of 30 days.		
• For terms and conditions relating to related parties, refer to Note 31.		
27. INCOME TAX PAYABLE		
At 1 January	527,290	1,852,082
Payment made during the year	(6,648,144)	(11,686,648)
Current year provision (Note 16)	6,407,210	10,361,856
At 31 December	<u>286,356</u>	<u>527,290</u>
28. DIVIDEND PAID AND PROPOSED		
Dividend paid during the year:		
Dividends on ordinary shares:		
Final dividend 2008: Tzs Nil per share (2007 : Tzs 185 per share)	-	11,779,143
Interim dividend 2009: Tzs Nil per share (2008: Tzs 120 per share)	-	7,640,626
	<u>-</u>	<u>19,419,669</u>

The dividend paid is subject to appropriate withholding tax which is payable to Tanzania Revenue Authority.

Proposed for approval at the Annual General Meeting, not recognized as a liability as at 31 December 2009, was Tzs 179 per share.

29. OPERATING LEASES

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

Commitments expiring in:	US\$	US\$
- Within one year	64,000	64,000
- After one year and not more than five years	64,000	96,000

During the year, the Company has charged Tzs 162 million (2008: Tzs 195 million) as expenses in the Statement of comprehensive income in respect of these lease.

Notes to the Financial Statements

For the year ended 31 December

30. INTEREST BEARING BORROWINGS

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

	Facility	Repayment/ settlement terms
(a) Name of Holder <i>Standard Chartered Bank Tanzania Limited</i>		
Overdraft (Tzs'000)	10,000,000	On demand

Security held

- (i) Debenture charge over fixed and floating assets shared with National Bank of Commerce Limited (NBC) and Stanbic Bank Tanzania Limited on a pari passu basis.
- (ii) Legal Mortgage over Title No. 1802 registered in name of Tanga Cement Company for Tzs 20 billion shared pari passu with NBC and Stanbic Bank Tanzania Limited.
- (iii) The overdraft bears a rate of interest of one year Treasury Bills plus 220 basis points per annum (2008: 182 days Treasury Bills plus 250 basis points) charged every month on the daily outstanding amount.

	Facility	Repayment/ settlement terms
(b) Name of Holder <i>National Bank of Commerce Limited</i>		
Overdraft (Tzs'000)	15,000,000	On demand

Security held

- (i) Debenture charge over the Company's fixed and floating assets shared with Standard Chartered Bank (T) Limited and Stanbic Bank Tanzania Limited on a pari passu basis.
- (ii) Legal Mortgage over Title No. 1802 registered in name of Tanga Cement Company for Tzs 13 billion shared pari passu with Standard Chartered Bank (T) Limited and Stanbic Bank Tanzania Limited.
- (iii) The overdraft bears a rate of interest of NBC base rate of 12% per annum (2008:14% 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 Tanga Cement Company Limited.

(c) *Stanbic Bank Tanzania Limited*

	Facility	Repayment/ settlement terms
Name of Holder Overdraft (Tzs'000)	4,000,000	On demand

Security held

- (i) Debenture charge over the Company's fixed and floating assets shared with Standard Chartered Bank (T) Limited and NBC on a pari passu basis.
- (ii) Legal Mortgage over Title No. 1802 registered in name of Tanga Cement Company for Tzs 5.2 billion shared with Standard Chartered Bank (T) Limited and NBC on a pari passu basis.
- (iii) The overdraft bears a rate of interest of 364 days Treasury Bills plus 200 basis points per annum with a minimum floor of 14% (2008: 365 days Treasury Bills plus 200 basis points) charged every month on the daily outstanding amount.

Notes to the Financial Statements

For the year ended 31 December

31. RELATED PARTY TRANSACTIONS

- (a) The Company sells at arm's length a major portion of its production to Cement Distributors (East Africa) Limited (CDEAL), an associate Company and charges CDEAL technical fees at an agreed rate of Tzs 400 per ton (2008: Tzs 400).

Transactions with the associates during the year were as follows:

	2009 Tzs'000	2008 Tzs'000
Sales to CDEAL	116,425,671	118,231,975
Transportation service rendered by CDEAL	4,883,794	6,714,542
Technical fees received	305,422	304,965

- (b) There were no transactions between Afrisam (Mauritius) Investment Holdings Limited and Tanga Cement Company Limited during this financial year (2008: Nil).

(c) **Compensation of Key Management Personnel**

Short-term employee benefits	1,183,772	1,213,349
Post employment benefits	175,924	56,263
	<u>1,359,696</u>	<u>1,269,612</u>

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director of the Company.

(d) **The Company pays group fees to Holcim Group Support Limited as follows:**

The group fee is calculated at 1.75% of turnover as per formula stipulated in the contract. This amounted to Tzs 1,924,088,959 and Tzs 1,866,657,130 for the years 2009 and 2008 respectively.

- (e) 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 2009 the Company has not recorded any impairment of receivables relating to amounts owned by related parties (2008: Tzs Nil). This assessment is undertaken at the end of each financial statement year through examining the financial position of the related party and the market in which the related party operates.

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

Due from related Company

Cement Distributors (East Africa) Limited	<u>1,873,238</u>	<u>1,664,345</u>
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Due to related Companies

Holcim Group Support Limited - Group fees	440,451	1,619,982
Cement Distributors (East Africa) Limited	38,491	487,045
AfriSam South Africa (Pty) Limited	82,717	95,682
	<u>561,659</u>	<u>2,202,709</u>

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise of bank overdraft and trade payables. The Company does not enter into derivative transactions for trading purposes. The main purpose of these financial liabilities is to raise finance for the Company's

Notes to the Financial Statements

For the year ended 31 December

operations. The Company has various financial assets such as trade receivables and cash and cash equivalents, which arise directly from its operations

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. Policies are reviewed and agreed upon at a group and Company level in order to manage these risks as summarized below:

Interest rate risk

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

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's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, mostly when expenses are denominated in a difference currency from the Company's functional currency.

Foreign currency risk is managed at an operational level and monitored by the Chief Financial Officer. Exposure to losses from foreign liabilities is managed through prompt payment of outstanding liabilities and forward purchase of foreign currencies.

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

	Increase/decrease in the value of Tzs vs. other currencies	Effect on profit before tax Tzs'000
Net effect based on balance sheet 31 December 2009	10%	144,660

Transaction exposure arises on monetary financial assets and liabilities that are denominated in foreign currency other than reporting currency (Tzs) in which they are measured.

The Company sensitivity analysis has been determined based on Company net transaction exposure as at 31 December 2009, 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.

Credit risk

The Company deals only with recognised, creditworthy third parties. It is the Company'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's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Company does not offer credit terms without the approval of the credit committee. The Company's major credit customer is Cement Distributors (East Africa) Limited which as at 31 December 2009 had a balance of Tzs 1,664 million (2007: Tzs 2,356 million). There is a significant concentration of credit risk within the Company; however, management does a monthly review of the financial position of the main debtor to ensure its financial health. With respect to credit risk arising from the other financial assets of the Company which comprise cash and cash equivalents, the Company 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 each class of financial asset mentioned in Note 22. The Company does not hold collateral as security.

Notes to the Financial Statements

For the year ended 31 December

Liquidity risk

The Company monitors its liquidity risk by using cash flow projections.

The Company's objective is to maintain a balance between continuity of funding through the use of bank borrowings. The table below summaries the maturity profile of the Company's financial liabilities at 31 December 2009 based on contractual undiscounted payments:

Year ended 31 December 2008	On demand Tzs'000	Less than 3 months Tzs'000	3 to 12 months Tzs'000	Total Tzs'000
Interest bearing borrowings	-	-	-	-
Trade and other payables	-	10,626,875	-	10,626,875
Year ended 31 December 2009				
Interest bearing borrowings	6,078,136	-	-	6,078,136
Trade and other payables	-	13,876,586	546,279	14,422,865

33. CONTINGENT LIABILITIES

- (a) There are several court cases instituted against the Company by some of its ex-employees whose services ceased as part of a redundancy exercise. These ex-employees are claiming various termination employment benefits aggregating to over Tzs 377 million (2008: Tzs 148 million).
- (b) As at 31 December 2009, the Company was a defendant in several lawsuits. The plaintiffs are claiming damages and interest thereon for the loss caused by the Company due to breach of contracts and unlawful termination of employment. The Company has filed counter-claims against the plaintiffs. The total principal amount claimed in the various lawsuits approximates to Tzs 138 million (2008: Tzs 167 million). In the opinion of the Directors and the Company's Legal Counsel, no material liabilities are expected to crystallize from these lawsuits.

	2009 Tzs'000	2008 Tzs'000
34. CAPITAL COMMITMENTS		
As at the balance sheet, the Company had the following capital commitments:		
Approved but not contracted for	-	3,830,964
Approved and contracted for	19,017,249	46,385,923

Funds to meet this expenditure will be provided from Company's own resources and overdraft facilities.

35. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 31 December 2008. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 9% and 25%. The Company includes within net debt, interest bearing borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations. Capital includes issued and full paid capital, retained earnings

Notes to the Financial Statements

For the year ended 31 December

and other reserves. Despite heavy Investment activity and acquisition, net financial debt decreased compared to last year, as a result of higher equity base and no interest bearing liabilities

	2009	2008
	Tzs'000	Tzs'00
Interest-bearing borrowings (Note 30)	-	6,078,136
Trade and other payables (Note 26)	10,626,875	14,422,864
Less: Cash and cash equivalent (Note 23)	<u>(10,169,853)</u>	<u>(3,804,282)</u>
Net debt	<u>457,022</u>	<u>16,696,718</u>
Capital	91,881,918	61,407,088
Capital and net debt	92,338,940	78,103,806
Gearing ratio	0.5%	21%

36. INVESTMENTS IN SUBSIDIARIES

(a) Investment in Hippo Quarries Limited

The Company's percentage holding in Hippo Quarries Limited	-	70%
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Hippo Quarries Limited was incorporate on 22 October 2008 and has been dormant since its incorporation. The management decided to dissolve and de-register Hippo Quarries Limited during the year.

(b) Investment in Mivumoni Biofarm Limited

	% Share Holding	Non Controlling Interest
Mivumoni Biofarm Limited	51%	49%

The Company was incorporated on 22 February 2007 and has been dormant since its incorporation. The minority shares are hold by Larry Electrical Works Limited.

These subsidiaries are dormant subsidiaries and insignificant and do not materially affect financial statements of the Tanga Cement Company Limited for the years 2009 and 2008. These entities were incorporated for the operation of various projects and they have been dormant since there formation. The Directors have decided not to prepare consolidated financial statements.

The consolidated financial statements, if prepared, will not be materially different from the financial statements of Tanga Cement Company Limited.

37. HOLDING COMPANY

The immediate holding company is AfriSam (Mauritius) Investment Holdings Limited.



Notice to Members

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

Notice is hereby given that the sixteenth Annual General Meeting of the shareholders of Tanga Cement Company Limited will be held at the Kilimanjaro Kempinski Hotel in Dar es Salaam, on Friday 14 May 2010 at 14:00 hours, for the following purposes:

1. Notice of Meeting

Notice convening the meeting be taken as read.

2. Approval of Minutes

To approve and sign the minutes of the fifteenth Annual General Meeting held on 22 May 2009.

3. Financial Statements and Directors' Reports

To receive and adopt the Financial Statements and Directors' report for the year ended 31 December 2009.

4. Dividend for the year ended 31 December 2009

To approve the declaration of the dividend for the year ended 31 December 2009.

5. Appointment of Directors

To appoint new Directors to the Board.

6. Appointment of Statutory Auditors

To approve the appointment of the Statutory Auditors for the year ending 31 December 2010.

7. 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 Board resolution to appoint the proxy. These are to reach the registered office of the Company not less than 48 hours before the time of holding the meeting.

By order of the Board.

Company Secretary

13 April 2010

Taarifa Kwa Wanachama

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

Taarifa inatolewa kwa wanahisa kwamba Mkutano Mkuu wa Mwaka wa kumi na sita wa wanahisa wa Kampuni ya Tanga Cement utafanyika Hoteli ya Kilimanjaro Kempinski Ijumaa tarehe 14 Mei 2010 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 kumi na tano uliofanyika tarehe 22 Mei 2009.

3. Taarifa za Fedha na Ripoti za Wakurugenzi

Kupokea na kupitisha Taarifa za Fedha na ripoti za Wakurugenzi kwa mwaka ulioishia tarehe 31 Desemba 2009.

4. Gawio kwa Mwaka Ulioishia tarehe 31 Desemba 2009

Kuidhinisha taarifa maalumu ya gawio kwa mwaka ulioishia tarehe 31 Desemba 2009.

5. Uchaguzi wa Wakurugenzi

Kuchagua Wakurugenzi wapya wa Bodi.

6. Uchaguzi wa Wakaguzi wa Hesabu Wanaokubalika Kisheria.

Kuidhinisha uchaguzi wa wakaguzi wa hesabu wanaokubalika kisheria kwa mwaka unaoishia tarehe 31 Desemba 2010.

7. Majumuisho

Mengineyo.

Mwanachama yeyote anayestahili kuhudhuria na kupiga kura kwenye mkutano ana haki yakuchagua 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 mkutano kuanza.

Kwa agizo la Bodi.



Katibu wa Kampuni

13 Aprili 2010



TANGA CEMENT

BUILDING TANZANIA



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