

Report Annual 2002

Taarifa ya Mwaka 2002

TANGA CEMENT

BUILDING TANZANIA



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Yaliyomo

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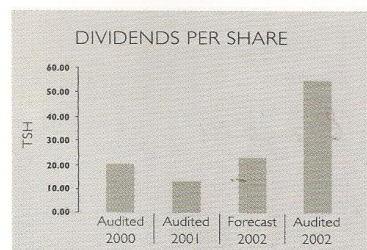
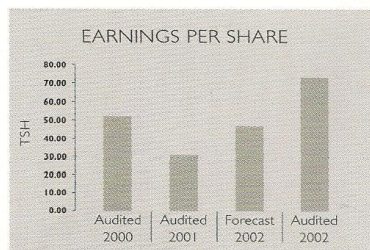
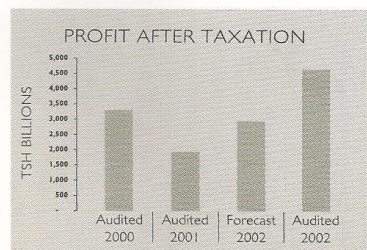
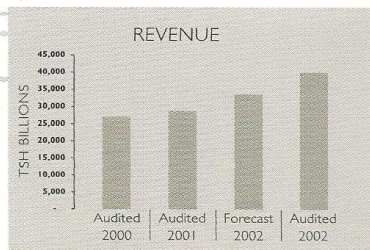
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financial

highlights

KEY FINANCIAL HIGHLIGHTS 2002

- YEAR ON YEAR REVENUE GROWTH OF 40%
- NET PROFIT AFTER TAX 61.3% ABOVE IPO FORECAST
- HIGHEST NET PROFIT IN TANGA CEMENT'S HISTORY
- DIVIDEND PER SHARE 134% ABOVE IPO FORECAST
- FIRST AND ONLY PUBLICLY LISTED TANZANIAN CEMENT COMPANY

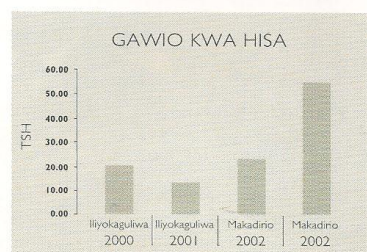
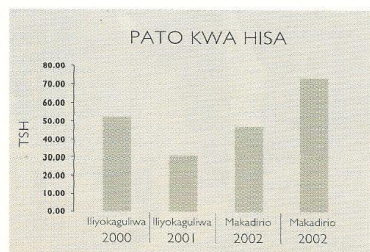
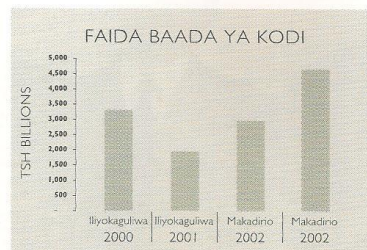
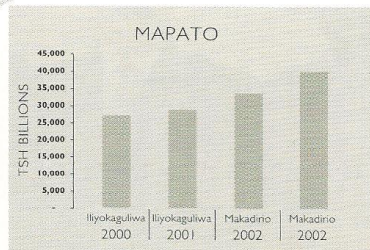


vidokezo

vya mapato

MAFANIKIO MUHIMU YA MWAKA 2002

- KUKUWA KWA MAPATO MWAKA HADI MWAKA ASILIMIA 40
- FAIDA BAADA YA KODI ASILIMIA 61.3 ZAIDI YA MAKADIRIO YA IPO
- FAIDA KUBWA KUPITA ZOTE KATIKA HISTORIA YA KAMPUNI YA SARUJI TANGA
- GAWIO KWA KILA HISA ASILIMIA 134 ZAIDI YA MAKADIRIO YA IPO
- KAMPUNI YA KWANZA NA PEKEE YA SARUJI KWENYE SOKO LA HISA NA MITAJI TANZANIA



Report
Annual 2002



Board of Directors

Standing from left:

Venance Francis Ngula
(Tanzanian),

Leon Edward Hooper
(British),

Salmon Raphael Odunga
(Tanzanian),

Emil Luke Moul
(British),

Dave King
(South African).

Seated from left:

Karl Meissner-Roloff
(South African),

Rumisha Henry Kimambo
(Tanzanian)

Dr. Peter Eliezer Temu
(Tanzanian)...

Bodi ya Wakurugenzi

Waliosimama toka kushoto:

Venance Francis Ngula
(Mtanzania),

Leon Edward Hooper
(Muingereza),

Salmon Raphael Odunga
(Mtanzania),

Emil Luke Moul
(Muingereza),

Dave King
(Mwafrika kusini).

Waliokaa toka kushoto:

Karl Meissner-Roloff
(Mwafrika kusini),

Rumisha Henry Kimambo
(Mtanzania)

Dr. Peter Eliezer Temu
(Mtanzania).



Directors' Profiles

Executive Director

Leon Edward Hooper (44) British
- BSc (Hons) Chemical Engineering

Leon Hooper is the Chief Executive and Managing Director of Tanga Cement. He is a chemical engineer and joined Tanga Cement in 1994 as Technical Manager, progressing to General Manager in 1996 and Managing Director in 2000. He has 15 years experience in the technical management of cement of which 8 years have been at Tanga Cement. Leon is a Director of Cement Distributors (East Africa) Limited, Vice Chairman of the Confederation of Tanzanian Industries, Deputy Chairman of East Africa Cement Producers Association and serves on the Boards of the National Business Council and the National Construction Council among others.

Non-Executive Directors

Rumisha Henry Kimambo (68) Tanzanian
- BSc (Glasgow) MSc (McGill)

Rumisha Kimambo holds an MSc and is a geologist by profession. He has 37 years experience in geology and industry and has worked as CEO of parastatals in the development of the cement industry in Tanzania for 30 years. He is the chairman of Kiwira Coal Mines Limited, KDCL Minerals (Tanzania) Limited, K & Associates Professional Services Limited, KDCL Gemstone & Jewellery Limited and Tanzania Mining Projects Limited. He is also a director of KAPSEL Education Centre Limited and a member of the Executive Committee of the Tanzania Geological Society.

Dave James King (39) South African
- B Comm. B Acc CA (SA)

David King is Director of Finance and Administration of Alpha (Pty) Limited and serves on numerous subsidiary boards of Alpha and Holcim Mauritius Investment Holdings Limited.

Venance Francis Ngula (59) Tanzanian
- BA, BA (Hons), MA Economics

Venance Ngula holds an MA in Economics and has served the Tanzanian Government in numerous capacities from MP to Deputy Minister of Finance. He has also served on the boards of various enterprises, including Tanzania Housing Bank and National Steel Corporation.



Maelezo mafupi kuhusu wakurugenzi

Mkurugenzi Mtendaji

Leon Edward Hooper (44) Mwingereza
- BSC (Hons) Mkemia

Leon Hooper ni Ofisa Mtendaji Mkuu na Mkurugenzi Mkuu wa Kampuni ya Saruji ya Tanga. Ni mtaalamu wa mambo ya kemikali ambaye amejiunga na Kampuni ya Saruji ya Tanga mwaka 1994 akiwa Meneja wa masuala ya ufundi na ilipofika mwaka 1996 alifanikiwa kuwa Meneja Mkuu kabla ya kuwa Mkurugenzi Mkuu mwaka 2000. Anao uzoefu wa miaka 15 ya uzoefu wa ufundi katika uzalishaji wa saruji ambapo miaka 8 kati ya hiyo ameitumia katika Kampuni wa Saruji ya Tanga. Leon pia ni Mkurugenzi wa Kampuni ya Wasambazi wa Saruji Afrika Mashariki, Makamu Mwenyekiti wa Ushirika wa wamiliki wa Viwanda Tanzania, Naibu Mwenyekiti wa Wazalishaji wa Saruji Afrika ya Mashariki, na pamoja na mengine ni mwanachama wa Bodi ya Baraza la Taifa la Wafanyabiashara na Baraza la Wajenzi la Taifa.

Wakurugenzi Wasio Watendaji

Rumisha Henry Kimambo (68) Mtanzania
-BSc (Glasgow) MSc (McGill)

Rumisha Kimambo ana Shahada ya Udhamili ya Sayansi na ni mwanajiolojia kitaaluma. Ana uzoefu wa miaka 37 katika fani ya jiolojia na amefanya kazi katika sekta mbali mbali za maendeleo ya Saruji nchini Tanzania kwa muda wa miaka ipatayo 30. Yeye ni Mwenyekiti wa Mradi wa Makaa ya Mawe Kiwira, KDCL Minerals (Tanzania) Limited, K & Associates Professional Services Limited, KDCL Gemstone & Jewelry Limited na Tanzania Mining Projects Limited. Pia ni mkurugenzi wa KAPSEL Education Centre Limited na ni mjumbe wa Kamati Kuu ya wanachama wa wanajiolojia nchini Tanzania.

Dave J. King (39) Mwafika Kusini

David King ni Mkurugenzi wa Fedha na Utawala wa Kampuni ya Alpha (Pty) Limited na wakati huo huo ni mjumbe wa bodi mbali mbali za Alpha and Holcim (Mauritius) Investment Holdings Limited.

Salmon Raphael Odunga (55) Tanzanian
- MA Economics

Salmon Odunga is an Economist and a member of the Economic Society of Tanzania. He served the Tanzanian government as Deputy Permanent Secretary in the Ministry of Education and Culture and the Ministry of Planning and Ministry of Finance and as Permanent Secretary in the Ministry of Education and Culture and the Ministry of Works. Salmon currently serves on a number of boards, including the National Development Corporation.

Peter Eliezer Temu (66) Tanzanian
- BSc Economics, MA Economics (Stanford), PhD Economics (Stanford)

Peter Temu has worked as an Academician and served the Tanzanian Government and the United Nations in various capacities until retiring in 1996 as Director – Multinational Programming and Operational Centre. He holds a doctorate in Economics from Stanford University and is now retired.

Karl Meissner-Roloff (50) South African
- BSc Civ.Eng.

Mr. Karl Meissner-Roloff is the Managing Director of Alpha Cement South Africa. He was appointed a Non-Executive Director of the Company with effect from 16th December 2002. He holds a Bachelor of Science Degree in Civil Engineering (BSc. Civ.Eng.) and has had many years experience in the cement industry.

Company Secretary

Emil Luke Moul (44) British
FCMA FCIS T.ACPA

Emil Moul is Tanga Cement's Finance Manager and Company Secretary. He is a Chartered Management Accountant (FCMA), a Chartered Secretary (FCIS) and is registered as a Temporary Certified Public Accountant (T.ACPA) with the National Board of Accountants and Auditors of Tanzania. Emil Moul joined Tanga Cement in March 2001 and prior to that he was the General Manager Finance at Toyota South Africa Limited. He has twenty years business experience in executive and senior management positions in listed world-class multinational companies.



RIPOTI YA WAKURUGENZI

Venance Francis Ngula (59) Mtanzania

BA., BA(Hons), MA Economics

Venance Ngula anayo shahada ya udhamili katika masuala ya uchumi na amekuwa akiitumikia Serikali ya Tanzania katika nyadhifa mbali mbali kutoka katika Ubunge hadi Unaibu Waziri wa Fedha. Pia amekuwa mjumbe wa bodi katika mashirika na makampuni kadhaa ikiwemo iliyokuwa Benki ya Nyumba ya Tanzania na lililokuwa Shirika la Taifa la Chuma.

Salmon Raphael Odunga (55) Mtanzania

MA Economics

Salmon Odunga ni mchumi na ni mjumbe wa Jumuiya ya Wanauchumi nchini. Ametumikia Serikali ya Tanzania akiwa Naibu Katibu Mkuu katika Wizara ya Elimu na Utamaduni na Wizara ya Mipango na Wizara ya Fedha na Katibu Mkuu katika Wizara ya Elimu na Utamaduni na Wizara ya Ujenzi. Hivi sasa Salmon ni mjumbe wa Bodi kadhaa ikiwemo ile ya Shirika la Maendeleo la Taifa.

Dk. Peter Eliezer Temu (66) Mtanzania

BSc Economics, MA Economics (Stanford) Phd Economics (Stanford)

Peter Temu amekuwa akifanya kazi kama msomi aliyebobea katika Serikali ya Tanzania na Umoja wa Mataifa kabla ya kustaafu mwaka 1996. Amekuwa Mkurugenzi wa Kituo cha Kimataifa cha Mipango na amepata nishani ya juu ya masuala ya uchumi kutoka katika Chuo Kikuu cha Stanford na sasa amestaafu.

Karl Meissner-Roloff (50) Mwafrica ya Kusini

BSc (Civ. Eng)

Karl Meissner-Roloff ni Mkurugenzi Mtendaji wa Kampuni ya Saruji ya Afrika ya Kusini. Ameteuliwa Mkurugenzi asiye Mtendaji wa Kampuni ya Saruji ya Tanga kuanzia tarehe 16 mwezi Desemba 2002. Ana uzoefu wa muda mrefu katika viwanda vya Saruji.

Katibu wa Kampuni

Emil Luke Moul (44) Mwingereza

FCMA. FCIS. TACPA

Emil Luke Moul ni Meneja wa Fedha na pia ni Katibu wa Kampuni ya Saruji ya Tanga. Amebobea katika taaluma ya uhasibu na mambo ya uongozi. Emil ni muhasibu msajiliwa mwenye taaluma ya uongozi yaani (FCMA) na msajiliwa mwenye taaluma ya uazili yaani (FCIS), pia ni muhasibu aliyepewa cheti maalum cha muda cha kumthibitisha kama muhasibu aliyebobea na Bodi ya uhasibu na wakaguzi wa mahesabu ya Tanzania-yaani NBAA. Akiwa na sifa hizo Emil Moul amejiunga na Kampuni ya Saruji ya Tanga mwaka 2001 na kabla ya hapo alikuwa Meneja wa Fedha wa Kampuni ya Toyota tawi la Afrika ya Kusini. Anao uzoefu wa kipindi cha miaka kumi na miwili katika masuala ya biashara katika makampuni ya Kimataifa.



Chairman's Statement

It gives me great pleasure to present the first ever results of Tanga Cement as a listed Company. The listing of Tanga Cement on the Dar es Salaam Stock Exchange, was yet another significant milestone in the development process that began in 1996 when Holcim Limited acquired majority shareholding in the company.

The year has proved to be very successful. A favourable market growth particularly in the second half of the year resulted in an increase in revenue of 40% compared to 2001. Also as a consequence of the increased sales, operational efficiency improvements, and control of input costs our net profit after tax increased by 174%.

This level of profit achievement is the highest in the history of Tanga Cement and I must thank all our stakeholders who contributed towards this result. The actual earnings per share amounts to TShs 73.5 compared to the forecast in the prospectus of TShs 47.0

The Tanga Cement Employees Share Ownership Trust was also set up for the benefit of all Tanzanian employees of Tanga Cement Company Limited after acquiring 4.7% of the company shares.

Dividend Declaration

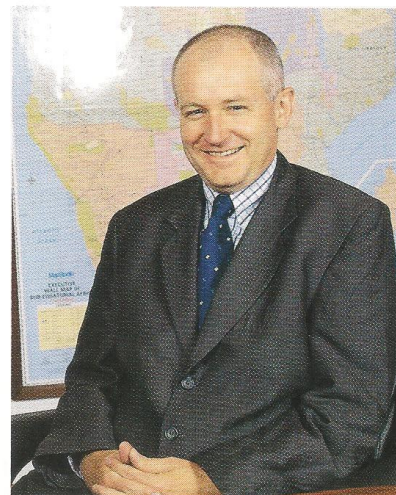
The company's dividend policy as stated in the Prospectus is to declare 50% of the previous year's profit as a dividend. Tanga Cement currently has cash resources of Tzs 5.9 billion and based on this would propose to increase the dividend payment to 75% of the previous year's profit. The Board of Directors would therefore propose a dividend of Tzs 55.00. This increase in payment must be seen in the light of the high cash position and not a change in policy.

Prospects

This year's growth in profits has been exceptional, driven mainly by an increase in cement demand throughout the country. The same percentage of growth is not expected to continue though 2003 however improvements in market distribution and continuing process improvements are expected to provide further positive growth in earnings in 2003.

I would like to take this opportunity to thank the Board for their contribution during the past year; in particular our past Chairman, Mr. Mike Doyle and I look forward to working with all stakeholders towards achieving our vision of becoming the most admired, efficient and profitable cement operation in East Africa, for the benefit of all our shareholders.

DAVE KING
Chairman.



Taarifa ya Mwenyekiti wa Bodi ya Wakurugenzi

Inanipa faraja kubwa kukuleteeni taarifa ya mapato ya kwanza kabisa ya kampuni ya Saruji Tanga tangu ilipojiunga na soko la hisa na mitaji hapo mwaka jana. Kuingia kwa kampuni ya kampuni ya Saruji Tanga katika soko la hisa na mitaji ni mojawapo ya matukio muhimu katika historia ya maendeleo ya kampuni hii tangu kampuni ya Holcim Limited iliponunua hisa katika kampuni hapo mwaka 1996.

Mwaka huu unaopita umekuwa mwaka wa mafanikio makubwa. Mazingira mazuri katika soko la sementi hasa katika nusu ya pili ya mwaka, yalichangia kukua kwa mapato kwa asilimia arobaini ukilinganisha na mwaka 2001. Ongezeko la mauzo pamoja na ufanisi bora na mipango mizuri ya kudhibiti gharama vimechangia kuongezeka kwa faida baada ya kodi kwa kiasi cha asilimia 174.

Kiasi hiki cha faida hakijawahi kufikiwa katika historia ya kampuni ya Saruji Tanga. Hivyo napenda kuchukua fursa hii kuwashukuru washikadau na wenyekiti wa kampuni yetu kwa mchango wao katika mafanikio haya. Mapato halisi kwa kila hisa yamefikia Shilingi 73.5 yakilinganishwa na makadirio ya awali ya Shilingi 47.

Umiliki wa hisa katika Kampuni wa Saruji ya Tanga pia umelenga kuwanufaisha wafanyakazi wa Kampuni ya Saruji ya Tanga ambao hivi sasa wanamiliki asilimia 4.7 ya hisa.

Tamko la Gawio

Sera ya kampuni kuhusu gawio kama ilivyoielezwa kwenye Kitabu cha Matarajio ni kutangaza asilimia 50 ya faida ya mwaka uliopita kama gawio kwa wenye hisa. Kampuni ya Saruji Tanga hivi sasa ina fedha taslimu kiasi cha Shilingi bilioni 5.9. Kwa hali hii, inapendekezwa kwamba gawio kwa wenyekiti iongezwe kuwa asilimia 75 ya faida ya mwaka uliopita.

Kwa hali hiyo, bodi ya wakurugenzi inapendekeza gawiwo la Shilingi 55.00. Nyongeza hii inabidi itazamwe kulingana na wingi wa fedha ilizonazo kampuni kwa wakati huu.

Matarajio

Ongezeko la faida katika mwaka huu unaopita limekuwa la kipekee na limetokana na kukua kwa mahitaji ya sementi nchini kote. Kwa hiyo hatutegeki ongezeko la namna hii katika mwaka wa 2003, pamoja na kwamba juhudi zinafanywa kuimarisha usambazaji pamoja na maeneo mengine ya uzalishaji kwa ajili ya kuongeza mapato katika mwaka 2003.

Ningependa kuchukua nafasi hii kutoa shukurani zangu za dhati kwa wakurugenzi wa bodi kwa mchango wao mkubwa katika kuleta mafanikio ya mwaka uliopita. Shukurani nyingi zimwendee mwenyekiti wetu aliyestaafu Bw. Mike Doyle na ninatumaini kushirikiana na wenyekiti wa washika dau wote wa kampuni yetu hii katika kufikia lengo letu la kuwa kampuni ya Saruji inayoheshimika, yenye ufanisi mkubwa na faida kubwa katika eneo lote la Afrika Mashariki, kwa manufaa ya wenyekiti wetu.

DAVE KING
Mwenyekiti.

Managing Director's Report

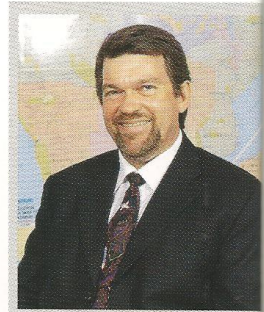
Tanga Cement faced a great many challenges during 2002, throughout all aspects of the cement manufacturing and marketing business as well as pressure from within the general economy. It is a testimony to the hard work and dedication of all its employees that all the challenges were met and as a result 2002 was an excellent year in terms of production improvement, market penetration and profitability.

ACHIEVEMENT

The following were the key achievements in 2002.

- Total sales of cement and clinker representing an all time company record.
- Total revenue growth of 40% based on 2001 figures and all time record revenue.
- Record profit after tax of TShs4.68 billion and dividend declaration of TShs55.00 being 134% above the IPO forecast.
- Achievement of the NOSA 4 star safety level certification and the awarding of the Presidential Certificate for Excellence in Environmental Management.
- The listing of Tanga Cement onto the Dar es Salaam Stock Exchange to become the first Tanzania Cement Company to be publicly listed.
- Selection of Tanga Cement Company into the top 20 list of PricewaterhouseCoopers survey of most respected East African companies.

Tanga Cement's success during 2002 was largely as a result of improved operational efficiencies resulting from synergies obtained from its distribution network with Cement Distributors East Africa Limited and its rail transporter Trans Africa Railway Corporation, but was also significantly due to the improvement in overall cement demand observed during the latter half of the year.



Leon Edward Hooper

Our vision

"To become the most admired, efficient and profitable cement operation within East Africa."

Taarifa ya Mkurugenzi Mkuu

Kampuni ya Saruji ya Tanga ilikabiliwa na changamoto kadhaa katika kipindi cha mwaka 2002 kuanzia katika masuala ya uzalishaji wa saruji, uuzaji na hata katika suala zima la uchumi. Ni kutokana na ushirikiano na uzalendo wa wafanyakazi wake matatizo mengi yamepatiwa ufumbuzi na matokeo yake ni kupatikana kwa mafanikio makubwa katika uzalishaji na faida katika mauzo ya bidhaa zake kwenye kipindi cha mwaka 2002.

MAFANIKIO

Yafuatayo ni mafanikio makubwa yaliyofikiwa mwaka 2002

- Kufikia kiwango cha juu kabisa cha mauzo ya saruji na mazao yake
- Ongezeko la mapato kwa asilimia 40 kufuatana na takwimu za mwaka 2001
- Faida kubwa ambayo hajjaweza kufikiwa ya Shilingi bilioni 4.68 baada ya kutozwa kodi pamoja na asilimia la gawio la Shilingi 55.00 ikiwa ni ongezeko la asilimia 134 ya kiasi kilichotabiriwa hapo awali.
- Mafanikio ya mpango wa usalama unaojulikana kama NOSA 4 pamoja na Nishani ya Rais iliyotokana na juhudi za Kampuni za kutunza mazingira.
- Kampuni ya Saruji ya Tanga kuwa Kampuni ya kwanza ya Saruji nchini kuingizwa katika Soko la Hisa la Dar Es Salaam
- Kampuni ya Saruji ya Tanga kuwa moja kati ya Makampuni 20 zilizoteuliwa na Kampuni ya Ukaguzi ya PricewaterhouseCoopers yanayoheshimika Afrika Mashariki kwa utendaji wake.

Mafanikio ya Kampuni ya Saruji ya Tanga kwa kiasi kikubwa yanatokana na ufanisi wake ambao umetokana na ushirikiano mzuri wa usambazaji wa bidhaa kwa kushirikiana na Kampuni ya Cement Distributors East Africa Limited pamoja na wasafirishaji wa njia ya reli wa Trans Africa Railway Corporation lakini mafanikio hayo kwa kiasi kikubwa yamechangiwa pia na mahitaji ya wateja wa Saruji katika kipindi cha pili cha mwaka huo.

Mahitaji ya Saruji nchini yameongezeka baada ya Serikali ya Tanzania kuongeza matumizi yake katika ujenzi wa miundombinu na shule. Na mahitaji hayo yanatarajiwa kuongezeka pia katika kipindi cha mwaka 2003.

Lengo letu

"Kuwa Kampuni ya Saruji inayoheshimika, yenye ufanisi mkubwa na faida kubwa katika eneo lote la Afrika Mashariki."

Cement demand increased throughout the country as the Government increased spending in infrastructure and schools. This trend is expected to continue in 2003 and bodes well for the future.

CHALLENGES.

The challenges that Tanga Cement faces for the future can be largely categorized into two areas.

The first area is that which Tanga Cement is able to control and includes process optimization and cost reduction measures largely aimed at reducing the thermal energy component of the cost of production.

The second area of challenges are those that are influenced by the general economy of Tanzania and the effect of the bureaucracy. Examples of these challenges are:

- i) The effect of poor electrical power supplies on the overall cost of production. Industries such as the cement manufacturing industry cannot operate effectively and compete on the regional and international market if persistent power cuts are the norm not the exception.
- ii) The Tanzanian judicial system has serious problems. This is well known. What is not well known and understood is the overall cost of this inefficiency. The challenge for 2003 will be to address these issues, in a manner which will lead to a more effective judiciary.

FUTURE

The overall challenge facing Tanga Cement in 2003 is to reduce the cost of production and improve profitability. The impending advent of East African Cooperation trade agreements will be seen as a potential opportunity rather than a threat as long as a level playing field is established between producers. To achieve this significant improvements have to be made from a Tanzanian economy point of view in reducing the costs of doing business.

The cost of doing business must be reduced and brought in line with competitor countries. This will involve tackling issues such as mentioned above and also general improvement in bureaucratic red tape – which slows down business operations and adds to the costs which eventually pass down to the consumer.

"If we are to compete on the regional and international market we must strive to reduce the cost of doing business in Tanzania."



TAARIFA YA MKURUGENZI MKUU

CHANGAMOTO

Changamoto ambazo zinaikabili Kampuni ya Saruji ya Tanga zinaweza zikagawanywa katika makundi mawili.

Changamoto ya kwanza ambayo iko ndani ya uwezo wa Kampuni ya Saruji ya Tanga ni jinsi gani Kampuni itaweza kukabiliana na suala la kupunguza matumizi katika uzalishaji wa bidhaa yake.

Changamoto ya pili inahusu zaidi hali halisi ya uchumi ilivyo nchini Tanzania, ikiwa ni pamoja na tatizo la ukiritimba. Mifano ya changamoto hizo ni kama ifuatayo:

- i) Athari za kutokuwa na umeme wa kuaminika katika shughuli nzima za uzalishaji wa bidhaa. Kutokana na kutokuwa na umeme wa uhakika, viwanda vingi, kikiwemo kiwanda cha Saruji cha Tanga haviwezi kuzalisha bidhaa za uhakika ili viweze kuingia katika ushindani wa ndani na nje ya nchi.
- ii) Mfumo wa sheria nchini una mapungufu yake. Hilo linafahamika. Hata hivyo kisichofahamika vilivyo ni gharama zinazosababishwa na mapungufu ya mfumo huo. Kutokana na changamoto hiyo, mikakati ya mwaka 2003 ni pamoja na kuyafuatilia mapungufu hayo kwa lengo la kuboresha mfumo wa sheria nchini.

MIPANGO YA BAADAYE

Moja ya changamoto kubwa inayoikabili Kampuni ya Saruji ya Tanga katika kipindi cha mwaka 2003 ni pamoja na kupunguza gharama za uzalishaji ili kuongeza faida. Kuanzishwa kwa soko la biashara baina ya nchi za Afrika Mashariki hakuna budi kuchukuliwe kuwa ni fursa ya kuongeza ufanisi katika uzalishaji na faida na siyo kuwa ni tishio la kudhoofisha soko la bidhaa moja ama nyingine. Na ili kufikia mafanikio katika Tanzania haina budi kufanya mabadiliko ya kiuchumi ikiwa ni pamoja na kuhakikisha kwamba gharama za uzalishaji wa bidhaa zake zinapunguzwa.

Gharama za uendeshaji wa biashara nchini hazina budi kupunguzwa ili ziweze kwenda sambamba na gharama za nchi washindani. Hii itakuwa ni pamoja na kuchukua hatua ambazo zimetajwa hapo awali na kuutokomeza ukiritimba ambao siyo tu unarudisha nyuma sekta ya biashara bali pia unaongeza gharama za uzalishaji na kuongeza mzigo kwa mteja.

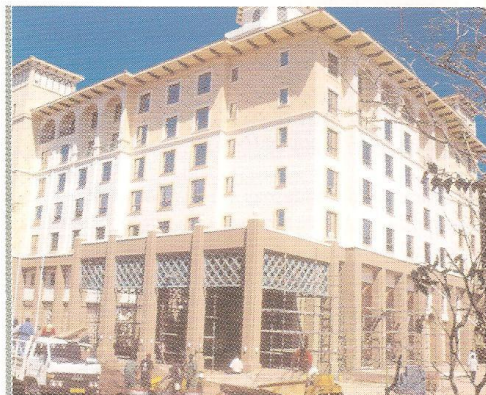
"Ili tuweze kushindana kwenye masoko ya kanda na kimataifa lazima tupunguze gharama za kufanya biashara nchini Tanzania."

Tanga Cement will continue to invest in employees' training and development. The forecast continuing growth of the Tanzanian economy will bode well for Tanga Cement and the cement industry as a whole.

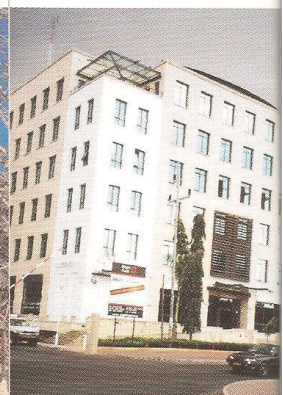
Tanga Cement is well positioned to take advantage of improvements in market demand and looks forward to an equally profitable 2003.

Leon E. Hooper
MANAGING DIRECTOR
TANGA CEMENT COMPANY LIMITED

"Employee development and training is a Key factor to our success."



Holiday Inn Hotel



Barclays Bank



TAARIFA YA MKURUGENZI MKUU

“Maendeleo na
mafunzo kwa
wafanyakazi ni
nguzo muhimu
katika mafanikio
yetu.”

Kampuni ya Saruji Tanga (KST) itaendelea kuwekeza katika mafunzo na maendeleo ya wafanyakazi. Mwelekeo mzuri wa ukuaji wa uchumi wa Tanzania vitachangia vema katika Kampuni ya Saruji Tanga na sekta nzima ya saruji.

Kampuni ya Saruji Tanga ina nafasi nzuri kupata mafanikio ya uimarikaji wa mahitaji ya soko na tunataraji mwaka mwingine wa faida kwa mwaka 2003.

Leon E. Hooper
Mkurugenzi Mkuu
KAMPUNI YA SARUJI TANGA

Corporate Social Investment

Tanga Cement has a well developed and defined corporate social investment policy.

The company sets aside 1% of the annual profit before tax for disbursement to charities and associations that are aimed at primarily the following sectors:

1. Education/ Health sector
2. HIV treatment groups
3. Environmental development
4. Women groups

Close association has been made with many and varied charities throughout the country. The following associations are examples of organizations that have received cement for various purposes during the year:

- **Equal Opportunities for All Trust Fund (EOTF)**

Projects include the Tanga Women group and the construction of Mtoni Primary School, UVIKIUTA and Mkuranga District Hospital.

- **Hanang District Hospital**

Assistance was given in the provision of cement for this project to help in completion of new buildings.

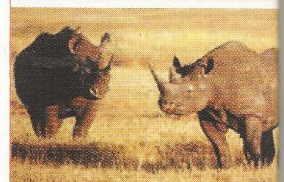
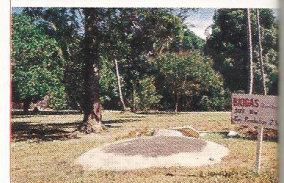
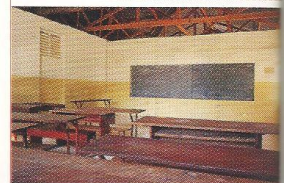
- **ZAYADESA**

This is a Zanzibar based NGO that is helping the homeless and adults/drug affected young people. Cement was donated to this association to assist in their project works.

- **Mkomazi wildlife project.**

This project has been associated with Tanga Cement for a good five years. Assistance is given for construction of dams on the rhino project.

The amount of donations made are reported at quarterly board meetings and a record kept against authorized amounts.



Huduma za kijamii za Kampuni

Kampuni ya Saruji ya Tanga ina sera nzuri zinazohusu huduma za jamii.

Ili kutekeleza sera hizo Kampuni inatenga asilimia 1 (moja) ya faida inayopatikana kila mwaka kwa ajili ya kuvisaidia vikundi ambavyo vinalenga katika sekta zifuatazo.

1. Sekta ya Elimu na Afya
2. Vikundi vinavyojihusisha na huduma kwa walioambukizwa Virus vya HIV vinavyosababisha UKIMWI
3. Uboreshaji wa mazingira
4. Vikundi vya Wanawake

Kumekuwa na ushirikiano wa karibu kati ya Kampuni ya Saruji ya Tanga na vikundi mbali mbali vinavyotoa huduma kwa wananchi hapa nchini. Vifuatavyo ni baadhi tu ya vikundi ambavyo vimenufaika na misaada kutoka Kampuni ya Saruji ya Tanga katika kipindi cha mwaka huu:

- **Mfuko wa Fursa Sawa kwa Wote (EOTF)**

Kampuni imetoa msaada kwa kikundi cha Wanawake cha Tanga, Ujenzi wa Shule ya Msingi ya Mtoni, UVIKIUTA na Hospitali ya Wilaya ya Mkuranga.

- **Hospitali ya Wilaya ya Hanang**

Kampuni imetoa Saruji kwa ajili ya kazi ya kukamilisha ujenzi wa jengo hilo.

- **ZAYADESA**

Hili ni shirika lisilo la Kiserikali la Zanzibar ambalo linatoa huduma kwa watu wasiokuwa na makazi na wale ambao wameathirika kutokana na matumizi ya madawa ya kulevyu. Kampuni ya Saruji ya Tanga imelipatia Shirika hilo Saruji ili kufanikisha miradi yake.

- **Mradi wa hifadhi ya wanyamapori wa Mkomazi**

Mradi huu umekuwa na ushirikiano mzuri na Kampuni ya Saruji ya Tanga kwa kipindi cha miaka mitano sasa. Kampuni ya Saruji ya Tanga imeupatia mradi huo msaada wa ujenzi wa mabwawa pamoja na mradi wa hifadhi ya Vifaru.

Kiasi cha michango ya Kampuni ya Saruji ya Tanga kinatolewa katika vikao vya bodi ya Kampuni kila baada ya miezi mitatu na hakitangazwi kiholela.

Environment

The Company has a very clear environmental policy.

Tanga Cement achieved a NOSA 4 STAR safety grading in 2002, and will be attempting to achieve ISO 14 000 certification in 2003. Tanga Cement regularly receives awards for its environmental leadership including the Presidential award for leadership in environment management and the Coastal environment award.

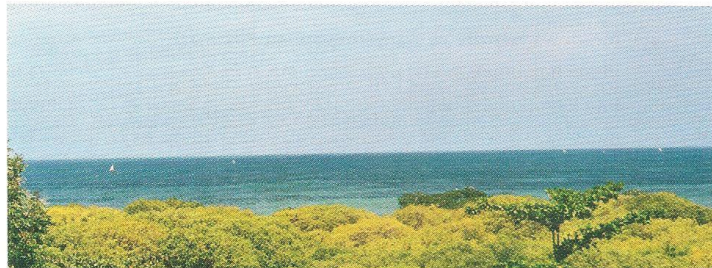
In line with its environmental policy Tanga Cement has also invested over TShs300 million in upgrading dust control and monitoring equipment.

Tanga Cement has also been instrumental in setting up the East African environmental standards an emission levels through its involvement with the East Africa Cement Producers Association.

All employees of Tanga Cement go through safety awareness training and specialized training in environmental control is given to selected employees.

Tanga Cement's initiative in using alternative fuels for fossil fuel replacement is also helping reduce overall CO2 emission levels.

NOSA
★★★★★
Graded Company
2001



Tanga Coast Environment.



The Tanga Cement Tree Nu



Mazingira

Kampuni ya Saruji ya Tanga inazo sera zilizo bayana kabisa kuhusu mazingira.

Kampuni ya Saruji ya Tanga imefanikiwa kupata tuzo inayoitwa NOSA 4 inayohusu masuala ya usalama makazi na inadhamiria kutapa tuzo nyingine ya ISO 14000 ifikapo mwaka 2003. Mara kwa mara Kampuni ya Saruji ya Tanga imekuwa ikishinda tuzo mbali mbali kutokana na kujali kwake ulinzi na uboreshaji wa mazingira ikiwa ni pamoja na tuzo ya Rais ya kuongoza katika utunzaji wa mazingira ya ufukwe wa bahari.

Sambamba na sera zake za utunzaji wa mazingira Kampuni ya Saruji ya Tanga imewekeza zaidi ya Shilingi za Tanzania milioni 300 ili kukabiliana na tatizo la kuzagaa kwa vumbi linalotokana na uzalishaji wa saruji pamoja na ununuzi wa vyombo vinavyotumika katika kukabiliana na tatizo hilo.

Kampuni ya Saruji ya Tanga pia imekuwa mstari wa mbele katika suala zima la uanzishaji wa chombo kuangalia viwango vya mazingira katika nchi za Afrika Mashariki, ikiwa ni pamoja na kuangalia kiasi cha uchafuzi wa hewa, chombo ambacho kiko chini ya Shirika la Wazalishaji wa Saruji wa Afrika Mashariki.

Wafanyakazi wote wa Kampuni ya Saruji ya Tanga wanapatiwa mafunzo ya usalama kazini pamoja na mafunzo ya uhifadhi wa mazingira.

Kampuni ya Saruji ya Tanga pia inajitahidi kutumia nishati mbadala ili kupunguza tatizo la ongezeko la hewa ya Kaboni Daioksaidi,

Quality

The management system used by Tanga Cement has received ISO 9002 certification.

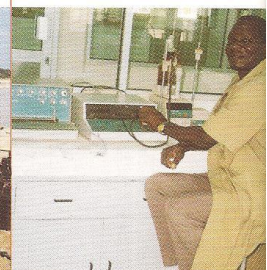
During 2002 Tanga Cement, in line with other cement producers in East Africa, converted its cement standards to EN 197 levels. In so doing Tanga Cement included the new Haraka type of its well-known Simba brand cement. Simba brand cement is well respected throughout Tanzania and is used by both block-makers and major contractors and gold mines.

Tanga Cement has invested over USD 1million in upgrading laboratory equipment to ensure quality compliance to the highest standard.

Tanga Cement regularly reviews its product quality to ensure optimum quality is achieved.



Supplying cement by tanker to Rufiji bridge project.



Laboratory analyst.



UBORA

Ubora

Kutokana na mfumo wa uongozi bora Kampuni ya Saruji ya Tanga imefanikiwa kupata tuzo ya ISO 9002.

Katika kipindi cha mwaka 2002 Kampuni ya Saruji ya Tanga imefanikiwa kuzalisha Saruji ya kiwango cha EN 197 kama ilivyokubaliwa na Makampuni mengine ya Saruji ya Afrika Mashariki. Hii ikiwa ni pamoja na uzalishaji wa aina mpya ya Saruji inayoitwa HARAKA, SIMBA Cement ambayo inaheshimiwa nchini kote katika masuala ya utengenezaji wa matofali, miradi mikubwa ya ujenzi na migodi ya dhahabu.

Kampuni ya Saruji ya Tanga imewekeza kiasi cha Dola za Kimarekani milioni 1 katika kuboresha maabara zake kwa lengo la kuhakikisha ubora unaotakiwa wa bidhaa zake.

Kampuni ya Saruji ya Tanga inachukua hatua za mara kwa mara za kuangalia ubora wa bidhaa zake ili kuhakikisha kwamba zinafikia ubora unaotakiwa.

Corporate Governance

Tanga Cement is committed to maintaining a high standard of governance. The company accepts the underlying philosophy and the firm recommendations expressed in the King Report on Corporate Governance for South Africa – 2002 (King II) published during March 2002.

Tanga Cement implements good governance in a practical way and ceremony will not replace substance.

Tanga Cement has always believed that high standards of corporate governance are fundamental to achieving its long-term strategic goals and to meeting the needs of the company's stakeholders.

BOARD OF DIRECTORS

The board is primarily responsible for setting the broad direction of the company by approving strategic objectives, key policies and financial performance criteria.

Accountability to shareholders and responsibility to other stakeholders remains of paramount consideration in board decisions, being balanced against the demands of the regulatory environment in which the group operates.

The board structure comprises one (1) executive director and seven (7) non executive.

Each shareholder having 12.5% of the shares is entitled to nominate a director. Details of the board appear on pages 6 and 8.

The non-executive directors are selected on the basis of their experience, knowledge and independence. Because of their calibre and number they carry significant weight in the board's deliberations and resolutions.

The strong independent composition of the board provides for independent and objective judgement in the decision making process and ensures that no one individual has unfettered powers of decision and authority.

All directors are subject to retirement by rotation and re-election by the shareholders at least once every two years in accordance with the company's articles of association. The board as a whole approves the appointment of new directors, based on recommendations of the nomination committee.



UTAWALA WA KAMPUNI

Utawala wa Kampuni

Kampuni ya Saruji ya Tanga inahakikisha kwamba kiwango cha juu cha utawala kinafuatwa. Ili kuhakikisha kwamba lengo hilo linafanikiwa Kampuni inafuata maadili ya Ripoti ya Utawala ya King ya Afrika ya Kusini ya mwaka 2002 (King II) ambayo imechapishwa mwezi Machi 2002.

Kampuni ya Saruji ya Tanga inafuata sera za utawala bora.

Mara zote Kampuni ya Saruji ya Tanga inaamini kwamba utawala bora ni msingi wa mafanikio katika uzalishaji na hata kwa washikadau.

BODI YA WAKURUGENZI

Jukumu la awali la Bodi hiyo ni kuweka bayana mwelekeo wa Kampuni kwa kuidhinisha mikakati, malengo, sera za msingi pamoja na mapato ya Kampuni.

Bodi pia inawajibika kikamilifu katika maamuzi yanayowahusu wanahisa na washikadau wengine.

Mfumo wa Bodi ni ule ambao kuna Mkurugenzi Mtendaji mmoja na wakurugenzi wengine saba (7) ambao sio watendaji.

Kila mwanahisa ambaye anamiliki asilimia 12.5 ana haki ya kumchagua Mkurugenzi. Maelezo ya bodi ya wakurugenzi yamo katika kurasa za 6 na 8.

Wakurugenzi wasio watendaji wanachaguliwa katika misingi ya uzoefu walio nao, elimu na jinsi gani wanavyoweza kufanya kazi kwa kujitegemea wenyewe. Hii inatokana na majukumu makubwa ya maamuzi ambayo wanatakiwa kuyatoa katika bodi.

Wakurugenzi wanatakiwa kuwa na maamuzi fasaha na ya binafsi katika Bodi.

Wakurugenzi wako chini ya sheria inayowataka kustaafu kwa hiari punde muda wao unapowadia ama kuchaguliwa tena na wanahisa angalau mara moja baada ya kipindi cha kila miaka miwili kufuatana na sheria za Kampuni. Kwa mujibu wa kauli ya Kamati ya Uteuzi ya Kampuni Bodi ndiyo yenye mamlaka ya kuthibitisha Wakurugenzi ambao wamechaguliwa.

Kwa kawaida Bodi hukutana mara moja katika kipindi cha miezi mitatu ama chini ya hapo ili kujadili masuala ya msingi yanayohitaji maamuzi ya Bodi ikiwa ni pamoja na kupitia masuala ya fedha, uendeshaji, mwelekeo wa Kampuni na kupitisha mapendekezo ya matumizi ya fedha, tenda za ujenzi na mambo mengine yanayoyagusa maslahi ya Kampuni.

The board meets formally at least once a quarter or more frequently if circumstances so require, to review matters specifically reserved for its decision, including the review of financial and operational results, and to consider issues of strategic direction, major acquisitions and disposals, approval of major capital expenditure and construction tenders as well as any other matters having a material effect on the company.

CHAIRMAN AND MANAGING DIRECTOR.

The roles of Chairman and Chief Executive are separate. The board is led by the Chairman, Dave King, who is a non-executive director. The executive management of the group is the responsibility of the Managing Director, Leon Hooper.

COMPANY SECRETARY

All directors have access to the advice and services of the company secretary, Emil Moul, and to any other information or documentation they may require. The company secretary also keeps the board advised of any relevant changes in regulation and company law legislation.

NOMINATION COMMITTEE

Members:

Leon Hooper	-	Chairman
Peter Temu	-	Member
Solomon Odunga	-	Member

A nomination committee has been established being chaired by the Managing Director Leon Hooper. The rest of the committee are non executive directors.

Terms of reference and powers delegated to this committee have been approved by the Chairman.

The primary purpose of this committee is to ensure that the board of directors consists of people with skills and attributes needed by the company. To do this it considers the need for new directors, searches for candidates and recommends new directors to the main board.

DISCIPLINARY COMMITTEE

Members:

Venance Ngula	-	Chairman
Leon Hooper	-	Member
Solomon Odunga	-	Member
Rumisha Kimambo	-	Member
Peter Temu	-	Member



UTAWALA WA KAMPUNI

MWENYEKITI NA MKURUGENZI MTENDAJI

Wajibu wa Mwenyekiti na Ofisa Mtendaji Mkuu ni tofauti. Bodi inaongozwa na Mwenyekiti, Dave King ambaye siyo Mkurugenzi Mtendaji. Usimamizi wa Utendaji wa Kampuni umo chini ya uongozi wa Mkurugenzi Mkuu, Leon Hooper.

KATIBU WA KAMPUNI

Wakurugenzi wote wanahusika moja kwa moja kwa Katibu wa Kampuni ikiwa ni pamoja na haki ya kupata taarifa za Kampuni kutoka kwa Katibu huyo. Katibu ana wajibu wa kuhakikisha kwamba Bodi inapata ushauri mbali mbali kuhusu mabadiliko ama masuala ya sheria yanayoihusu Kampuni.

KAMATI YA UTEUZI

WAJUMBE

Leon Hooper	Mwenyekiti
Peter Temu	Mjumbe
Solomon Odunga	Mjumbe

Kamati ya uteuzi imeundwa ikiwa chini ya uenyekiti wake Mkurugenzi Mtendaji Leon Hooper. Wajumbe wengine sio Wakurugenzi Watendaji.

Majukumu yao yameidhinishwa na Mwenyekiti.

Lengo la awali la kamati hiyo ni kuhakikisha kwamba Bodi ya Wakurugenzi ina watu wenye sifa zinazohitajika, ufahamu na mchango unaohitajika kwa Kampuni. Ili kuhakikisha kwamba lengo hilo linafanikiwa Kamati hiyo huangalia kama kuna umuhimu wa kuwapata Wakurugenzi wapya wa Kampuni, kuwapata wagombea walio na sifa ya wadhifa huo pamoja na kupendekeza majina ya Wakurugenzi kwa Bodi kuu.

KAMATI YA NIDHAMU

WAJUMBE

Venance Ngula	Mwenyekiti
Leon Hooper	Mjumbe
Solomon Odunga	Mjumbe
Rumisha Kimambo	Mjumbe
Peter Temu	Mjumbe

Jukumu la awali la kamati hiyo ni kupitia hali ya kesi mbali mbali-zilizofikishwa mahakamani zinazoihusu Kampuni ya Saruji ya Tanga pamoja na kutoa ushauri kwa Bodi kuhusu jinsi ya kukabiliana na hali iliyopo ili kuiepusha Kampuni dhidi ya matatizo zaidi. Kamati huwakilisha mapendekezo yake kwa Bodi wakati wa kikao cha Bodi.

The committee's primary objective is to review the position of the numerous court cases and litigation that Tanga Cement is involved in and to recommend to the board courses of action to resolve issues and reduce risk.

The committee presents recommendations to the board of directors at the quarterly board meetings.

The committee is convened at least twice per year, otherwise as required, as circumstances dictate.

AUDIT COMMITTEE

Members:

Dave King	-	Chairman
Karl Meissner-Roloff	-	Member
Peter Temu	-	Member
Venance Ngula	-	Member
Solomon Odunga	-	Member

The committee's primary objective is to provide the board with additional assurance regarding the integrity and effectiveness of the risk management framework and related internal controls, corporate governance, reporting and compliance systems that are operating within the group.

The audit committee charter clearly sets out the terms of reference and powers delegated to this committee. The audit committee charter has been approved by the board.

The committee reviews internal and external audit processes, accounting policies and significant issues raised by auditors.

The committee members have access to all information, documentation and management explanations required in the discharge of their duties.

The committee is chaired by Dave King.

The composition of the committee on 31st December 2002 comprised five independent non-executive directors.

The committee meets two times a year

INTERNAL AUDIT

Internal audit is outsourced. It is an independent appraisal function, which examines and evaluates the activities and the appropriateness of the systems of internal control, risk management and governance processes.



UTAWALA WA KAMPUNI

Kwa kawaida Kamati hiyo hukutana mara mbili kwa mwaka ama kama kuna umuhimu wa kufanyika kwa kikao cha dharura.

KAMATI YA UKAGUZI WA MAHESABU

WAJUMBE

Dave King	Mwenyekiti
Karl Meussner-Rollof	Mjumbe
Peter Temu	Mjumbe
Venance Ngula	Mjumbe
Solomon Odunga	Mjumbe

Jukumu la awali la Kamati hiyo ni kuipatia Bodi uhakika kuhusu hali ya kifedha ya Kampuni pamoja na hali hasili ya uongozi inavyofanya kazi katika maeneo mbali mbali ya Kampuni.

Mkataba wa Kamati hiyo umeweka bayana hadidu za rejea na mamlaka ambayo Kamati hiyo imepewa. Mkataba wa Kamati hiyo umeidhinishwa na Bodi.

Kamati hiyo hupitia taarifa za ukaguzi wa ndani na nje wa mahesabu kwa mujibu wa sera za uhasibu.

Wajumbe wa Kamati hiyo wana haki ya kupata taarifa zote muhimu ambazo zitawasaidia kutekeleza majukumu yao.

Kamati hiyo iko chini ya Uenyekiti wa Dave King.

Hadi tarehe 31 mwezi Desemba 2002 Kamati hii ilikuwa na wajumbe 4 ambao sio Wakurugenzi Watendaji.

Kamati hiyo hukutana mara mbili kwa mwaka.

WAKAGUZI WA MAHESABU WA NDANI

Ni kitengo ambacho moja kati ya majukumu yake ni pamoja na kutathmini na kuhakiki mfumo wa ndani wa fedha za Kampuni ili kuhakikisha kwamba Kampuni haiingii katika hasara.

Lengo la ukaguzi wa mahesabu ya ndani ni kuusaidia utawala katika kufanya kazi yake kiufanisi pamoja na kuboresha utendaji wa Kampuni. Mara zote utendaji wa kazi hufuatiwa na taarifa sahihi kwa uongozi ikiwa ni pamoja na ushauri unaohusu uboreshaji wa kazi husika. Taarifa maalum hukabidhiwa kwa kamati ya ukaguzi wa mahesabu.

The objective of internal audit is to assist management in the effective discharge of their responsibilities and acts as a resource designed to add value and improve the organisation's operations. Every assignment is followed by detailed reports to management including recommendations on aspects requiring improvement. Significant findings are reported to the audit committee.

EXTERNAL AUDIT

The external auditors express their opinion on the annual financial statements.

The external auditors attend the Tanga Cement Company's audit committee meetings.

SHARE DEALING BY DIRECTORS AND OFFICERS

The company operates closed periods prior to publication of its interim and year-end financial results. The closed periods are from 1st January and 1st June until publication of the results.

During these periods the directors, officers and employees of the company may not deal in the shares or any other instrument pertaining to the shares of the company.

INVESTOR AND STAKEHOLDER RELATIONS

Tanga Cement is committed to open and prompt communication with all its stakeholders. It is committed to transparency only to the extent that such transparency would not be detrimental to the business.

Shareholders are welcome to attend the company's annual general meeting to meet members of the board and discuss any issues with the directors.

UTAWALA WA KAMPUNI

WAKAGUZI WA MAHESABU WA NJE

Wakaguzi wa Nje wa Mahesabu wana jukumu la kutoa mapendekezo yao katika kikao cha mwaka wa mahesabu.

Wakaguzi wa Nje wa mahesabu huhudhuria vikao vya Wakaguzi wa Mahesabu wa Kampuni ya Saruji ya Tanga

WAKURUGENZI, MAAFISA NA MASUALA YA HISA

Kampuni ya Saruji ya Tanga ina utaratibu wa kufunga mahesabu yake katika kipindi maalum kilichowekwa au mwishoni mwa mwaka wa fedha kabla ya taarifa hiyo ya fedha haijchapishwa katika taarifa yake ya mwaka. Kwa kawaida mahesabu hayo hufungwa tarehe 1 mwezi Januari na tarehe 1 mwezi Juni.

Katika vipindi hivyo Wakurugenzi, Maafisa na waajiriwa wa Kampuni hawajihusishi na masuala ya hisa ama masuala yoyote yanayohusiana na hisa za Kampuni.

UHUSIANO KATI YA WAWKEKEZAJI NA WADAU

Kampuni ya Saruji ya Tanga imejizatiti katika suala zima la uwazi na kuwa na mawasiliano ya karibu na wadau wake. Imejizatiti katika uwazi; uwazi ambao hata hivyo hautaathiri shughuli zake za biashara.

Wadau wanakaribishwa kuhudhuria mikutano mikuu ya mwaka ya Kampuni ili kukutana na wajumbe wa Bodi pamoja na kujadiliana masuala mbali mbali na Wakurugenzi wake.

VALUE ADDED STATEMENT

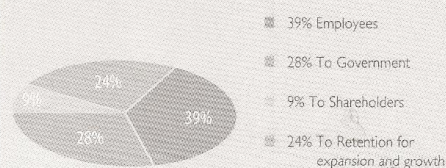
FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 TSHS. 000	%	2001 TSHS. 000	%
VALUE ADDED				
Gross turnover	40,362,295		28,892,142	
Other Income	127,530		61,382	
Other operating expenditure	(24,247,926)		(19,224,525)	
	16,241,899	100%	9,728,999	100%
VALUE ALLOCATED				
To Employees	4,529,849	28%	3,737,160	39%
To Government	5,903,600	36%	2,767,509	28%
- Direct Taxation	2,986,873		968,504	
- Indirect Taxation	2,916,727		1,799,005	
To Shareholders	3,501,907	22%	853,841	9%
- Cash Dividend	-		673,115	
- Dividend Recommended	3,501,907		180,726	
To Expansion and Growth	2,306,543	14%	2,370,489	24%
- Depreciation	1,128,591		1,516,651	
- Retained Income for the Year	1,177,952		853,838	
	16,241,899	100%	9,728,999	100%

VALUE ALLOCATION 2002



VALUE ALLOCATION 2001

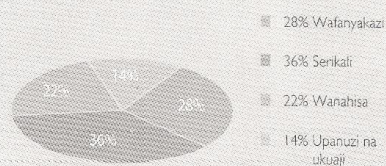


TAARIFA YA ONGEZECO LA THAMANI

KWA MWAKA ULIOISHIA TAREHE 31 DESEMBA 2002

	2002		2001	
	TZS 000	%	TZS 000	%
ONGEZECO LA THAMANI				
Mapato ya pamoja	40,362,295		28,892,142	
Mapato mengineyo	127,530		61,382	
Gharama nyingine za uendeshaji	(24,247,926)		(19,224,525)	
	16,241,899	100%	9,728,999	100%
THAMANI ILIVYOGAWANYWA				
Kwa wafanyakazi	4,529,849	28%	3,737,160	39%
Kwa Serikali	5,903,600	36%	2,767,509	28%
- Kodi ya dhahiri	2,986,873		968,504	
- Kodi isiyodhahiri	2,916,727		1,799,005	
Kwa wanahisa	3,501,907	22%	853,841	9%
- Gawio la pesa taslimu	-		673,115	
- Gawio lililopendekezwa	3,501,907		180,726	
Kwa upanuzi na ukuaji	2,306,543	14%	2,370,489	24%
- Uchakavu	1,128,591		1,516,651	
- Faida iliyozuiwa mwaka 2002	1,177,952		853,838	
	16,241,899	100%	9,728,999	100%

MGAWANYO WA THAMANI 2002



MGAWANYO WA THAMANI 2001



Directors, Officers and Administration

DIRECTORS

Mr. D.J. King (Chairman – Appointed – 16 December 2002)
(Appointed Director – 22 September 2000)

Mr. M. M. Doyle (Chairman – Resigned – 16 December 2002)

Mr. L. E. Hooper
Mr. R. H. Kimambo
Mr. K. Meissner-Roloff (Appointed – 16 December 2002)
Mr. V. F. Ngula
Mr. S. R. Odunga
Dr. P. E. Temu

SECRETARY

Emil Moul
Tanga Cement Company Limited
Pongwe Factory Area
PO Box 5053
Tanga

AUDITORS

KPMG
Garden Avenue/Ohio Street
PPF Tower, 11th floor
PO Box 1160
Dar es Salaam

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Head office

Tanga Cement Company Limited
Pongwe Factory Area
PO Box 5053
Tanga

BANKERS

NBC Ltd
PO Box 5031
Tanga

Standard Chartered Bank Tanzania Limited
PO Box 9011
Dar es Salaam

Citibank Tanzania Limited
PO Box 71625
Dar es Salaam



Taarifa ya Wakurugenzi wa bodi

MWAKA WA FEDHA ULIOISHIA TAREHE 31 DESEMBA 2002

Wakurugenzi wanayofuraha kutoa taarifa pamoja na mahesabu yaliokaguliwa na wakaguzi wa hesabu kwa mwaka wa fedha ulioishia tarehe 31 Desemba 2002, ambayo inaonyesha mizania ya kampuni.

SHUGHULI ZA KAMPUNI

Shughuli kuu za kampuni ya Saruji Tanga ni kuzalisha na kuuza saruji na bidhaa zitokanazo na saruji.

MATOKEO

Utendaji wa Kampuni ya Saruji kwa mwaka huu umeonyeshwa kwenye ukurasa wa 50 wa taarifa hii ya fedha.

Maelezo juu ya mtaji wa hisa uliotolewa na limbiko yametolewa kwenye taarifa ya mabadiliko ya mtaji na limbikizo kwenye ukurasa wa 51

UWEZO WA KULIPA MADENI

Mizania ya Kampuni kwa tarehe 31 Desemba 2002 imeonyeshwa kwenye ukurasa wa 45 wa taarifa hii ya fedha.

MAMBO YA KIUTAWALA

Kampuni ya Saraju inauwezo wa kuendesha shughuli zote za kiutawala.

GAWIO

Wakurugenzi walitangaza malipo ya gawio la awali la Tzs 3,501,907,475 kiasi ambacho ni sawa na Tzs 55 kwa hisa (2001 –Tzs 673,115,057) na wanapendekeza gawio la mwisho la Tzs sifuri. Gawio la mwisho la Tzs 180,725,543 kwa mwaka 2001 iliidhinishwa na kulipwa mwaka 2002 (2001 –Tzs 1,243,327,441).

MTAJI WA HISA

Kampuni ilisajiliwa katika soko la hisa tarehe 26 Septemba 2002. Mauzo ya hisa kwa mwaliko wa mwanzo kwa umma yalikuwa ni asilimia 32.5 ya hisa zilizomilikiwa na Serikali, inajumuisha hisa 20,693,090 ya hisa za kawaida kwa thamani iliyotajwa ya Tzs 300/- kwa hisa. Asilimia 7.5 ya hisa za Serikali zilizobaki ziliuzwa kwa Kampuni ya Holcim (Mauritius) kwa thamani iliyotajwa ya Tzs 360/- kwa hisa, miongoni mwa hizo asilimia 4.7 ya hisa hizo ziliuzwa kwa Mfuko wa kununua hisa za wafanyakazi wa Kampuni ya Saruji Tanga, na hisa za kawaida

Report of the Directors

The Directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2002, which disclose the state of affairs of the Company.

PRINCIPAL ACTIVITIES

The principal activities of the company are the manufacturing and selling of clinker and cement.

RESULTS

The performance of the Company during the year is set out on Page 50 of these financial statements.

Details of the movements in the issued share capital and reserves are given in the statement of changes in equity on page 51.

SOLVENCY

The Company's state of affairs at 31 December 2002 is set out on Page 47 of these financial statements.

ADMINISTRATIVE MATTERS

The Company is capable of handling all administrative matters.

DIVIDEND

The Directors declared the payment of an interim dividend of Tzs 3,501,907,475 and proposed a final dividend of Tzs nil. A final dividend of Tzs 180,725,543 for the year 2001 was approved and paid in 2002 (2001 – Tzs 1,243,327,441).

SHARE CAPITAL

The Company was listed on the Dar es Salaam Stock Exchange on 26 September 2002. The Initial Public Offer sold 32.5% of the Government's ownership in the Company to the Tanzanian general public, comprising 20,693,090 ordinary shares at a nominal value of Tzs 300/- per share. The remaining 7.5% of the shares that were owned by the Government of Tanzania was sold to Holcim (Mauritius) Limited at a nominal value of Tzs 360/- per share, of which 4.7% of these shares were sold to the Tanga Cement Company Limited Employees' Share Trust, and 200,000 ordinary shares, representing 0.3%, were allocated to certain directors, namely Messrs Ngula, Kimambo, Odunga and Dr Temu, for past services rendered to the Company. The total issued share capital amounts to 63,671,045 ordinary shares.



TAARIFA YA WAKURUGENZI WA BODI

200,000, zinazowakilisha asilimia 0.3, ziligawiwa kwa Wakurugenzi wafuatao: Ngula, Kimambo, Odunga na Dk Temu, ikiwa ni shukurani kwa kuitumikia Kampuni. Jumla ya mtaji wa hisa uliotolewa ni hisa 63,671,045 za kawaida.

Ufuatao ni umiliki wa hisa za Kampuni mnamo tarehe 31 Desemba 2002:

	2002 % ya umiliki	2001 % ya umiliki
Serikali ya Tanzania – Hazina	-	40.0
Holcim (Mauritius) Limited	62.5	60.0
Umma wa Watanzania	32.8	-
Mfuko wa Wafanyakazi wa Kununua Hisa	4.7	-
Jumla	100	100

WAKURUGENZI

Wafuatao ni Wakurugenzi wa Kampuni wakati wa kutoa taarifa hii:

Jina	Uraia
D. J. King (Mwenyekiti)	Mwafrika kusini
L. E. Hooper (Mkurugenzi Mtendaji)	Muingereza
R. H. Kimambo	Mtanzania
K. Meissner-Roloff (Alichaguliwa 16.12.2002)	Mwafrika kusini
V. F. Ngula	Mtanzania
S. R. Odunga	Mtanzania
P. E. Temu	Mtanzania

Bwana M. M. Doyle, Mwenyekiti wa zamani, alistaafu tarehe 16 Desemba 2002. Bodi ya Wakurugenzi inatoa shukurani kwa huduma iliyotolewa na Bwana Doyle kabla ya kustaafu.

MASLAHI YA WAKURUGENZI KWENYE HISA ZA KAMPUNI

Zifuatazo ni hisa zinazomilikiwa na Wakurugenzi wa Kampuni:

Jina	Hisa
P. E. Temu	55,350
R. H. Kimambo	52,000
S. R. Odunga	50,000
V. F. Ngula	50,000

The shareholding of the Company as of 31 December 2002 is as stated below:

	2002 % Shareholding	2001 % Shareholding
Tanzania Government – Treasury	-	40.0
Holcim (Mauritius) Limited	62.5	60.0
Tanzanian General Public	32.8	-
Employees' Share Trust	4.7	-
Total	<u>100</u>	<u>100</u>

DIRECTORS

The Directors of the Company at the date of this report are:

Name	Nationality
D. J. King (Chairman)	South African
L. E. Hooper (Managing Director)	British
R. H. Kimambo	Tanzanian
K. Meissner-Roloff	South African
(Appointed 16.12.2002)	
V. F. Ngula	Tanzanian
S. R. Odunga	Tanzanian
P. E. Temu	Tanzanian

Mr. M. M. Doyle, the past chairman, resigned on 16 December 2002. The Board of Directors extends its gratitude for the services offered by Mr. Doyle during his term of office.

DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

The Directors' shareholding in the Company is as follows:

Name	Shares
P. E. Temu	55,350 shares
R. H. Kimambo	52,000 shares
S. R. Odunga	50,000 shares
V. F. Ngula	50,000 shares



MAJUKUMU YA WAKURUGENZI

Sheria ya Makampuni inawataka Wakurugenzi kutengeneza taarifa za fedha katika kila mwaka wa fedha ambayo inaonyesha uhalisia wa mizani ya kampuni mwishoni mwa mwaka wa fedha na akaunti ya faida na hasara kwa mwaka.

Wakurugenzi wanathibitisha kwamba sera za kiuhasibu zimetumika mfululizo, isipokuwa pale ambapo maelezo rasmi yametolewa, na pale ambapo mantiki na maamuzi ya busara pamoja na makadirio yametumika kutengeneza taarifa hii ya fedha kwa mwaka ulioishia 31 Desemba 2002. Wakurugenzi wanathibitisha tena kwamba viwango vinavyokubaliwa vimefuatwa na taarifa hii ya fedha imetengenezwa kwa kanuni ya mwendeleo wa biashara.

Wakurugenzi wanawajibika kutunza kumbukumbu za uhasibu, kulinda mali za kampuni na kuzuia na kugundua ubadhirifu na makosa ndani ya kampuni.

Kutekeleza majukumu yake, uongozi umeweka na unaendelea kuweka mfumo wa ndani wa kudhibiti fedha.

Mfumo wa ndani wa udhibiti wa fedha umeandaliwa kuwezesha kutoa mantiki inayokubalika na siyo mantiki halisi juu ya ukweli na utegemezi wa taarifa ya fedha kulinda, kuhakikisha na kusimamia mali. Udhibiti huu unamilikiwa na Kampuni na hakuna dalili zilizojitikeza kwa Wakurugenzi kuashiria udhaifu wa mfumo huo kiutendaji katika mwaka husika.

DIRECTORS' RESPONSIBILITIES

The Directors are required under the Companies Ordinance to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year.

The Directors confirm that suitable accounting policies have been used and applied consistently, except where disclosed, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2002. The Directors also confirm that applicable standards have been followed and that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

To fulfil its responsibilities, management has developed and continues to maintain systems of internal financial controls.

The company's internal financial controls and systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the annual financial statements to adequately safeguard, verify and maintain their assets. These controls are monitored throughout the Company and nothing has come to the directors' attention to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

KANUNI ZA UHASIBU

KANUNI ZA UHASIBU

Taarifa hii ya hesabu za mwaka imetengenezwa kwa kuzingatia dhana ya mwendeleo wa biashara na dhana ya ongezeko la thamani.

Kanuni za uhasibu za kampuni, ambazo zimetajwa kwenye ukurasa wa 11 na 12 zinamwelekeo wa mabadiliko kila mwaka kuhakikisha ziko sambamba na utendaji wa kiuhasibu.

KITEGA UCHUMI

Habari kuhusu nafasi ya kampuni katika kampuni shiriki imetotewa katika kumbukumbu za pembeni za taarifa hii ya mwaka ya hesabu.

MANUNUZI NA MAUZO YA MALI

Hakuna manunuzi na mauzo ya thamani kubwa ya mali yaliyotokea katika mwaka.

UBORA

Kampuni ina mpango wa uthibitisho wa ubora unaotambulika, shughuli zote zinafuata maelekezo ya ISO 9002.

WAFANYAKAZI

Wastani wa wafanyakazi katika mwaka ilikuwa ni wafanyakazi 321 (2001 – 320)

AFYA NA USALAMA

Kampuni inamiliki kiwango cha nne cha viwango vya NOSA. Masomo na mafundisho kuhusu afya na usalama yalifanyika katika mwaka. Kampuni inaendelea na kutoa elimu ya ufahamu juu ya afya na usalama.

WAKAGUZI WA MAHESABU

KPMG ndio wakaguzi wa mahesabu ya Kampuni.

PricewaterhouseCoopers ndio wakaguzi wa ndani wa mahesabu na washauri wa mambo ya kodi.

MATUKIO YA KUTOKEA

Hakuna matukio ya kutokea ya kimsingi, yaliyotokea kati ya tarehe 31 Desemba 2002 na tarehe 14 Februari 2003.

UTHIBITISHO WA MAHESABU

Taarifa hii ya fedha ilitibitishwa kwenye kikao cha Bodi ya Wakurugenzi kilichofanyoka tarehe 14 Februari 2003.

KWA IDHINI YA BODI


Dave J. King
Mwenyekiti

Tarehe: 14 Februari 2003


Leon E. Hooper
Mkurugenzi Mtendaji



ACCOUNTING POLICIES

The annual financial statements are prepared on the underlying assumptions of going concern and accruals.

The company's accounting policies, which are laid out on pages 51 to 54 are subject to an annual review to ensure continuing compliance with good accounting practise.

INVESTMENT

Information regarding the company's interest in an associate company is given in the notes to the annual financial statements.

ACQUISITIONS AND DISPOSALS

There were no material acquisitions and disposals during the year.

QUALITY

The company has formal quality assurance accreditation programmes, with all operations following the ISO 9002 route.

EMPLOYEES

The average number of employees during the year was 321 (2001 – 320)

HEALTH AND SAFETY

The company holds a 4-star NOSA rating. Health and safety training courses were held during the year. The company continues the health and safety awareness campaign as an on-going process.

AUDITORS

KPMG are the Company's statutory auditors.

PricewaterhouseCoopers are the Company's internal auditors and taxation advisors.

SUBSEQUENT EVENTS

There were no significant subsequent events, which occurred between 31 December 2002 and 14 February 2003.

APPROVAL OF ACCOUNTS

The financial statements were approved at a meeting of the Directors held on 14 February 2003.

BY ORDER OF THE BOARD



David J King

Chairman

Date: 14 February 2003



Leon E. Hooper

Managing Director



TAARIFA YA MAPATO

**TAARIFA YA MAPATO
MWAKA WA FEDHA UISHAO 31 DESEMBA 2002**

	Kumbukumbu za pembeni	2002 Tzs'000	2001 Tzs'000
Mapato	1(b)	40,362,295	28,892,142
Gharama za mauzo	2	22,669,328	18,861,995
Gharama za usambazaji		5,579,422	2,981,387
Faida ya pamoja		12,113,545	7,048,760
Mapato mengineyo	4	127,435	59,748
Gharama za mauzo na uongozi	5	3,387,411	2,804,666
Gharama za uchakavu wa mali	6	<u>1,128,591</u>	<u>1,516,651</u>
Faida ya biashara	7	7,724,978	2,787,191
Riba iliyopokelewa		95	1,634
Gharama za usimamizi wa fedha	8	<u>(58,341)</u>	<u>(112,642)</u>
Faida kabla ya kodi		7,666,732	2,676,183
Kodi	9	<u>2,986,873</u>	<u>968,504</u>
Faida baada ya kodi		<u>4,679,859</u>	<u>1,707,679</u>
 Pato la hisa la kawaida (Tzs)	10	 <u><u>73.50</u></u>	 <u><u>26.82</u></u>

Taarifa ya mapato inatakiwa isomwe sambamba na kumbukumbu za pembeni ambazo ni sehemu ya mahesabu haya ya mwaka ambayo yameripotiwa kwenye kurasa 50 mpaka 63.

Report of the external auditors

We have audited the financial statements set out on pages 46 to 63 in accordance with approved auditing standards. The financial statements are in agreement with the accounting records and we obtained the information and explanations we required.

Respective responsibilities of directors and auditors

The directors are required under the Companies Ordinance (Cap 212) to prepare financial statements for each financial year 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 the profit or loss of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2002. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Basis of opinion

We conducted our audit in accordance with Tanzania Auditing Standards, as set by the National Board of Accountants and Auditors (NBAA). Those Standards require that we plan and perform our audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements.

Opinion

In our opinion proper books of account have been kept and the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2002 and of the results of the operations and cash flows of the company for the year then ended in accordance with the Tanzania Financial Accounting Standards, as set by the NBAA and comply with the requirements of the Companies Ordinance (Cap 212).

KPMG

Certified Public Accountants

Dar es Salaam

Date: 17 February 2003



**MIZANIA YA KAMPUNI
TAREHE 31 DESEMBA 2002**

	Kumbukumbu za pembeni	2002 Tzs'000	2001 Tzs'000
MALI			
Mali za muda mrefu			
Mali za kudumu	11	9,836,439	10,050,137
Mali toka mfuko wa wafanyakazi			
wa kununua hisa	12	1,074,079	-
Vitega uchumi	13	20,400	20,400
		<u>10,930,918</u>	<u>10,070,537</u>
Mali za muda mfupi			
Mali za kuuzwa	14	5,343,855	6,446,943
Wadaiva	15	6,407,556	5,014,177
Akiba ya fedha		5,899,404	1,857,321
		<u>17,650,815</u>	<u>13,318,441</u>
JUMLA YA MALI		<u>28,581,733</u>	<u>23,388,978</u>
MTAJI, LIMBIKIZO NA MADENI			
Mtaji na malimbikizo			
Hisa zilizotolewa	16	1,273,421	1,273,421
Limbikizo lisiyogawiwa		5,382,331	5,687,205
Pato lililobakizwa		<u>14,001,135</u>	<u>9,193,128</u>
		20,656,887	16,153,754
Madeni ya muda mrefu			
Tathmini ya kukarabati eneo	17	31,200	31,200
Tathmini ya kodi iliyosogezwa mbele	9	<u>523,745</u>	<u>1,983</u>
		554,945	33,183

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002**

	Notes	2002 Tzs'000	2001 Tzs'000
Revenue	1 (b)	40,362,295	28,892,142
Cost of sales	2	22,669,328	18,861,995
Distribution costs		<u>5,579,422</u>	<u>2,981,387</u>
Gross profit		12,113,545	7,048,760
Other operating income	4	127,435	59,748
Selling and administrative expenses	5	3,387,411	2,804,666
Depreciation	6	<u>1,128,591</u>	<u>1,516,651</u>
Net profit from operations	7	7,724,978	2,787,191
Interest received		95	1,634
Finance cost	8	<u>(58,341)</u>	<u>(112,642)</u>
Net profit before tax		7,666,732	2,676,183
Taxation	9	<u>2,986,873</u>	<u>968,504</u>
Net profit after tax		<u>4,679,859</u>	<u>1,707,679</u>
Basic earnings per share (Tzs)	10	<u>73.50</u>	<u>26.82</u>

The profit and loss account is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 51 to 64.

MIZANIA YA KAMPUNI

Madeni ya muda mfupi

Madeni ambayo hayajalipwa	18	6,343,024	6,126,400
Kodi ambayo haijalipwa	19	1,026,877	442,913
Gawio la kawaida	20	-	632,728
		<u>7,369,901</u>	<u>7,202,041</u>

**JUMLA YA MTAJI, LIMBIKIZO NA
MADENI**

28,581,733 23,388,978

Bodi ya Wakurugenzi imeidhinisha taarifa ya mahesabu iliyoripotiwa kwenye ukurasa wa 7 mpaka 21 tarehe 21 Februari 2003 na simesainiwa kwaniaba ya bodi na:


Dave J. King


Leon E. Hooper

Mwenyekiti

Mkurugenzi Mtendaji

Mizani ya kampuni inatakiwa isomwe sambamba na kumbukumbu za pembeni ambazo ni sehemu ya mahesabu haya ya mwaka ambayo yameripotiwa kwenye ukurasa 51 mpaka 64.

**BALANCE SHEET
AT 31 DECEMBER 2002**

	Notes	2002 Tzs'000	2001 Tzs'000
ASSETS			
Non current assets			
Property, plant and equipment	11	9,836,439	10,050,137
Due from Employees' Share Purchase Trust	12	1,074,079	-
Investment	13	<u>20,400</u>	<u>20,400</u>
		10,930,918	10,070,537
Current assets			
Inventories	14	5,343,855	6,446,943
Accounts receivable	15	6,407,556	5,014,177
Cash resources		<u>5,899,404</u>	<u>1,857,321</u>
		17,650,815	13,318,441
TOTAL ASSETS		<u>28,581,733</u>	<u>23,388,978</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued capital	16	1,273,421	1,273,421
Non distributable reserves		5,382,331	5,687,205
Retained earnings		<u>14,001,135</u>	<u>9,193,128</u>
		20,656,887	16,153,754
Non current Liabilities			
Provision for site restoration	17	31,200	31,200
Deferred tax provision	9	<u>523,745</u>	<u>1,983</u>
		554,945	33,183
Current liabilities			
Accounts payable	18	6,343,024	6,126,400
Taxation payable	19	1,026,877	442,913
Ordinary dividend	20	<u>-</u>	<u>632,728</u>
		7,369,901	7,202,041
TOTAL EQUITY AND LIABILITIES		<u>28,581,733</u>	<u>23,388,978</u>

The Board of Directors approved the accounts on pages 46 to 64 on 14 February 2003 and they were signed on its behalf by:


Dave King
Chairman


Leon E. Hooper
Managing Director

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 51 to 64.



CASH FLOW STATEMENT

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002**

	Notes	2002 Tzs'000	2001 Tzs'000
CASH FLOW FROM OPERATING			
ACTIVITIES			
Interest received	21a	8,724,697	4,082,265
Interest paid		95	1,634
Income taxes paid		(4,816)	(119,629)
Ordinary dividends paid	19	(1,881,147)	(1,106,329)
	21b	(813,454)	(1,283,714)
Cash generated from operations		6,025,375	1,574,227
CASH FLOW IN INVESTING			
ACTIVITIES			
Advances to Employees' Share Purchase Trust		(1,074,079)	-
Proceeds from disposal of plant and equipment		1,680	2,957
Purchase of plant and equipment		(910,893)	(839,072)
Cash flows in investing activities		(1,983,292)	(836,115)
FINANCING ACTIVITIES			
Repayment of borrowings		-	(880,322)
Cash flows in financing activities		-	(880,322)
Net increase / (decrease) in cash and cash equivalents		4,042,083	(142,210)
Opening cash resources		1,857,321	1,999,531
Closing cash and cash equivalents		5,899,404	1,857,321

The cash flow statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 51 to 64.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2002**

	Notes	Ordinary share capital Tzs'000	Non distributable reserves Tzs'000	Distributable reserves Tzs'000	Total Tzs'000
Balance as at					
1 January 2001		1,273,421	6,102,211	8,986,885	16,362,517
Dividends	22	-	-	(1,916,442)	(1,916,442)
Attributable					
earnings		-	-	1,707,679	1,707,679
Transfers		-	(415,006)	415,006	-
Balance as at					
31 December					
2001		<u>1,273,421</u>	<u>5,687,205</u>	<u>9,193,128</u>	<u>16,153,754</u>
Balance as at					
1 January 2002		1,273,421	5,687,205	9,193,128	16,153,754
Dividends	22	-	-	(180,726)	(180,726)
Attributable					
earnings		-	-	4,679,859	4,679,859
Asset write-back		-	4,000	-	4,000
Transfers		-	(308,874)	308,874	-
Balance as at					
31 December					
2002		<u>1,273,421</u>	<u>5,382,331</u>	<u>14,001,135</u>	<u>20,656,887</u>

Non-distributable reserves consist of a property, plant and equipment revaluation reserve.

The statement on changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 51 to 64.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

I. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent with those of the previous year unless otherwise indicated. Where necessary for disclosure purposes, comparative figures have been reclassified and restated.

(a) Basis of accounting

The financial statements have been prepared in accordance with Tanzania Financial Accounting Standards. They have been prepared on the historical cost accounting basis modified to include revaluation of fixed assets. No other adjustments have been made for inflationary factors affecting the statements.

(b) Revenue recognition

Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the company and the amount of revenue can be measured reliably. Value-added taxation is excluded.

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

Dividends are recognised when received.

Interest is recognised on a time proportional basis that takes account of the effective yield on the asset and an appropriate accrual is made at each accounting reference date.

(c) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Tanzanian Shillings at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the balance sheet date. Resulting exchange differences are recognised in the profit and loss account for the year. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate ruling at the date of transaction.

(d) Basis of depreciation

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

• Leasehold land	1.00% - 10%
• Buildings, roads and railways siding	2.86% - 10%
• Plant, machinery and equipment	3.33% - 10%
• Fixtures, fittings and equipment	3.33% - 33.33%
• Motor vehicle	3.33% - 12.5%

It is the policy of the company to depreciate for a full year assets purchased during the first half of the year. No depreciation is provided for an asset acquired during the second half of the year or disposed of during the first half of the year. The depreciation charge relating to closing stock is carried forward.

(e) Revaluation of property, plant and equipment

Property, plant and equipment on acquisition of the company were revalued to reflect their market value at the acquisition date of the new owners. Any excess of the value of the net assets acquired over their cost at the date of take over is described as non-distributable reserve.

Non-distributable reserves arising on revaluation are written off to distributable reserves over the life of the assets, on a straight-line basis.

(f) Provision for site restoration

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 profit and loss account is based on the expected life of the quarry and is included in operating expenditure

(g) Investment

The Investment in the associate is stated at cost. Income is recognised only to the extent of the distribution received from the accumulated net profits of the associate company, arising subsequent to the date of acquisition by the company.



NOTES TO THE FINANCIAL STATEMENTS

(h) Inventory

Inventory is valued at the lower of cost and net realisable value. Cost of finished goods stock includes factory overheads.

(i) Provision for bad and doubtful debts

Provision for bad and doubtful debts is made for specific debts known to be doubtful of recovery.

(j) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with the banks net of bank overdraft.

(k) Royalties

Royalties, payable to the Ministry of Energy and Minerals, included under the Cost of Sales, are calculated based on quantities of limestone and red soil crushed/hailed during the year under review.

(l) Impairment

The carrying amounts of tangible and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of a loss. Where carrying values exceed the estimated recoverable amounts assets are written down to their recoverable amount.

(m) Deferred taxation

Deferred tax is provided on all temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date.

Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognized directly in equity, or a business combination that is an acquisition.

The effect on deferred tax of any changes in tax rates is recognized in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realized.

	2002 Tzs'000	2001 Tzs'000
2 COST OF SALES		
Direct costs		
Raw materials	2,098,539	1,400,183
Intermediary products	11,899,406	10,496,566
Factory overheads	<u>8,671,383</u>	<u>6,965,246</u>
	<u>22,669,328</u>	<u>18,861,995</u>
3 ROYALTIES		
Limestone	25,084	32,275
Red Soil	<u>2,273</u>	<u>1,757</u>
	<u>27,357</u>	<u>34,032</u>
4 OTHER OPERATING INCOME		
Investment income	40,500	20,000
Other income	85,255	36,791
Profit on sale of equipment and vehicles	<u>1,680</u>	<u>2,957</u>
	<u>127,435</u>	<u>59,748</u>
5 SELLING AND ADMINIST- RATION EXPENSES		
Selling expenses	643,202	601,802
Administrative expenses	<u>2,744,209</u>	<u>2,202,864</u>
	<u>3,387,411</u>	<u>2,804,666</u>
6 DEPRECIATION		
Depreciation charge to profit and loss account	1,128,591	1,516,651

NOTES TO THE FINANCIAL STATEMENTS

Taarifa ya
Mwaka 2002

	2002 Tzs'000	2001 Tzs'000
7 NET PROFIT FROM OPERATIONS		
Net profit from operations is arrived at after charging:		
Auditors remuneration:		
Audit fee	24,375	20,174
Other services	76,000	-
Reimbursable	4,862	3,011
Directors remuneration		
– directors' fees	119,465	46,340
Management fees to Holcim	271,333	250,244
Holcim group fee	<u>693,708</u>	<u>511,213</u>
8 FINANCING COST		
Borrowing cost	4,816	119,629
Foreign exchange losses / (gains)	<u>53,525</u>	<u>(6,987)</u>
	<u>58,341</u>	<u>112,642</u>
9 TAXATION		
Tanzania normal taxation:		
Current	2,518,072	966,521
Prior year over-provision	<u>(52,961)</u>	<u>-</u>
	2,465,111	966,521
Deferred tax relating to the origination and reversal of temporary differences	<u>521,762</u>	<u>1,983</u>
	<u>2,986,873</u>	<u>968,504</u>
Deferred tax		
Arising from accelerated capital allowances	<u>523,745</u>	<u>1,983</u>



	2002	2001
Tax rate reconciliation	%	%
Standard rate of Tanzania normal taxation	30.0	30.0
The standard rate has been affected by:		
- Non-tax deductible expenses	5.3	19.6
- Tax exempt income	(2.4)	(13.6)
- Prior years capital allowances disallowed	6.8	-
- Prior tax adjustment	(0.7)	-
Taxation on income as percentage of income before taxation	<u>39.0</u>	<u>36.0</u>
	2002	2001
	Tzs'000	Tzs'000

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on:

Attributable profit to ordinary shareholders	<u>4,679,859</u>	<u>1,707,679</u>
Weighted average number of ordinary shares outstanding during the year	<u>63,671,045</u>	<u>63,671,045</u>

II PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land & Buildings Tzs'000	Plant, Machinery & Equipment Tzs'000	Motor Vehicles Tzs'000	Furniture, Fittings & Equipment Tzs'000	Capital Work in Progress Tzs'000	Total Tzs'000
Cost or Valuation						
At 1 January 2002	2,307,180	13,499,156	691,015	770,378	175,097	17,442,826
Additions and write-back	270,225	328,943	-	-	315,725	914,893
Disposal	-	-	(8,463)	-	-	(8,463)
At 31 December 2002	<u>2,577,405</u>	<u>13,828,099</u>	<u>682,552</u>	<u>770,378</u>	<u>490,822</u>	<u>18,349,256</u>
Cost	1,768,417	4,172,745	511,657	720,291	490,822	7,663,932
Revaluation - 1996	808,988	9,655,354	170,895	50,087	-	10,685,324
Total	<u>2,577,405</u>	<u>13,828,099</u>	<u>682,552</u>	<u>770,378</u>	<u>490,822</u>	<u>18,349,256</u>
Depreciation						
At 1 January 2002	1,425,550	5,195,551	330,918	440,670	-	7,392,689
Charge for the year	38,689	759,680	54,265	275,957	-	1,128,591
Disposal	-	-	(8,463)	-	-	(8,463)
At 31 December 2002	<u>1,464,239</u>	<u>5,955,231</u>	<u>376,720</u>	<u>716,627</u>	<u>-</u>	<u>8,512,817</u>
Net Book Value						
At 31 December 2002	<u>1,113,166</u>	<u>7,872,868</u>	<u>305,832</u>	<u>53,751</u>	<u>490,822</u>	<u>9,836,439</u>
At 31 December 2001	<u>881,630</u>	<u>8,303,605</u>	<u>360,097</u>	<u>329,708</u>	<u>175,097</u>	<u>10,050,137</u>

The Company property, plant and equipment are mortgaged on bank loans and overdraft as detailed in Note 23 of these financial statements up to the value of Tzs 5,450 million.

	2002 Tzs'000	2001 Tzs'000
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12 EMPLOYEES' SHARE TRUST

1,074,079 -

An amount advanced to the Tanga Cement Employees' Share Trust, established under a registered Trust Deed, to purchase 2,983,552 shares of total shares issued (63,671,045 shares) of Tanga Cement Company Limited, for the benefit of TCCL employees. These shares were set-aside as part of the Government's disposal of its remaining 40% shareholding through the Initial Public Offering (IPO) during the year, to be sold at a price of Tzs 360 each to eligible employees of the company.

The employees will be granted loans from the Trust to purchase the shares at the offer price of Tzs 360 per share. Such loan will be interest free and will have no fixed term of repayment.

The rights to the shares will only vest in the employee after a period of two years from 26 September 2002, the date of the IPO. After this vesting period has expired the employee may sell the shares only after first having settled the outstanding loan to the Trust.

Where an Employee has been granted a loan to buy the shares, but has not exercised his right to sell the shares, the Employee shall be entitled to utilise the dividends (less any tax) received on the shares to repay the loan.

The loan from TCCL to the Trust shall be repaid in instalments in amounts and at times the Trust decides the value of its assets exceed its obligations to the Employees in accordance with the TCCL Employees Share Scheme.

	2002 Tzs'000	2001 Tzs'000
--	-----------------	-----------------

13 INVESTMENT IN ASSOCIATE

Shares in Cement Distributors (East Africa) Limited at cost	<u>20,400</u>	<u>20,400</u>
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The shareholding in Cement Distributors (East Africa) Limited comprises 20% of the total ordinary shares in issue. The associate's



NOTES TO THE FINANCIAL STATEMENTS

principle activity is the distribution of cement produced by Tanga Cement and its key financial amounts extracted from the financial statements are as follows:

	2002 Un-audited Tzs'000	2001 Audited Tzs'000
Turnover	20,986,388	17,217,971
Profit before taxation	466,846	414,318
Taxation	<u>(140,054)</u>	<u>(123,032)</u>
Profit after taxation	<u>326,792</u>	<u>291,286</u>
Final dividend	-	250,000
Total assets	2,489,065	2,141,259
Total liabilities	<u>(1,865,666)</u>	<u>(1,954,469)</u>
Net assets	<u>623,399</u>	<u>186,790</u>

Dividend from associate is accounted for when received.

	2002 Tzs'000	2001 Tzs'000
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14 INVENTORIES

Raw materials	720,784	905,303
Work in progress	501,580	1,546,345
Finished goods	957,320	908,820
Fuels	85,367	74,309
Parts and consumables	2,742,625	2,417,161
Goods in transit	<u>336,179</u>	<u>595,005</u>
	<u>5,343,855</u>	<u>6,446,943</u>

15 ACCOUNTS RECEIVABLE

Accounts receivable	3,949,636	3,820,781
Prepaid expenses	1,475,149	120,574
Tanzania Government Treasury	75,138	75,138
Other receivables	<u>907,633</u>	<u>997,684</u>
	<u>6,407,556</u>	<u>5,014,177</u>

	2002 Tzs'000	2001 Tzs'000
16 SHARE CAPITAL		
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>
The proportion of shareholdings is as follows:		
	2002 %	2001 %
Tanzania Government Treasury	-	40
Holcim (Mauritius) Limited	62.5	60
Tanga Cement Employee Share Ownership Trust	4.7	-
Tanzania General Public	<u>32.8</u>	<u>-</u>
	<u>100</u>	<u>100</u>
17 PROVISION FOR SITE RESTORATION		
Site restoration costs	<u>31,200</u>	<u>31,200</u>
18 ACCOUNTS PAYABLE		
Accounts payable	4,427,041	3,708,955
Other payables	<u>1,915,983</u>	<u>2,417,445</u>
	<u>6,343,024</u>	<u>6,126,400</u>
19 TAXATION PAYABLE		
The movement in the provision for taxation payable during the period is as follows:		
Taxation paid in advance brought forward	442,913	582,721
Payment made during the year	(1,881,147)	(1,106,329)
Current year provision	2,518,072	966,521
Prior year over-provision	<u>(52,961)</u>	<u>-</u>
Taxation payable	<u>1,026,877</u>	<u>442,913</u>

NOTES TO THE FINANCIAL STATEMENTS

Taarifa ya
Mwaka 2002

	2002 Tzs'000	2001 Tzs'000
20 DIVIDEND PAYABLE		
Ordinary dividend payable to Holcim (Mauritius) Limited	-	363,482
Ordinary dividend payable to the Government of Tanzania	-	269,246
	-	632,728

21 NOTES TO THE CASH FLOW STATEMENT

21a	Reconciliation of net profit before tax to cash flow from operating activities	
	Net profit before tax, foreign exchange (losses) / gains, interest received and interest paid.	
	7,724,978	2,787,191
	Adjustment for:	
	Depreciation	1,128,591
	Profit on sale of asset	(1,680)
	Site restoration	-
	Foreign exchange (losses) / gains	(53,525)
	Operating profit before working capital changes	8,798,364
	Decrease in inventory	1,103,088
	Increase in accounts receivable	(1,393,379)
	Increase in accounts payable	216,624
	Cash generated from operating activities	8,724,697
21b	Dividend paid	
	Ordinary dividend (note 22)	180,726
	Ordinary dividend payable (note 20)	632,728
		813,454
22	DIVIDEND	
	Interim dividend paid 2002 – nil (2001 - Tzs 10.57) per ordinary share	
	-	673,115
	2001 final dividend paid -Tzs 2.83 per ordinary share	
	180,726	1,243,327
	180,726	1,916,442



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

23 INTEREST BEARING LOANS AND BORROWINGS

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

Name of Holder	Facility	Utilized	Rate of Interest (p.a)	Repayment/ Settlement terms	Security (See note)
NBC Ltd Overdraft (Tzs'000)	1,350,000	-	16.0%	On demand	i & ii
Standard Chartered Bank Tanzania Ltd Overdraft (Tzs'000)	1,000,000	-	11.5%	On demand	iii & iv
Revolving loan (Tzs'000)	1,000,000	-	11.5%	Full repayment after 90 days with an option to rollover	iii & iv -
Letter Of Credit (US\$)	2,000,000	-		Sight/Usage up to a maximum of 180 days	iii & iv

Security held by the bank:

- (i) A debenture dated 28 October 1994 creating a fixed charge on all the fixed assets of the company and a floating charge on all the current assets of company.
- (ii) A legal mortgage dated 17 December 1994 for Tzs 830 million issued by the company in favour of the National Bank of Commerce Limited as a further and supplementary security for the banking facilities and covering all the factory buildings and other improvements of the Company located on the parcel of land registered under Certificate of Title No, 1802
- (iii) Debenture charge over fixed & floating assets for Tzs 5,450 million.



- (iv) Legal Mortgage charge over Title No 1802 registered in the name of Tanga Cement Factory Maweni for Tzs 1,450 million (shared pari passu with National Bank of Commerce)

As at year-end none of the facilities were in use apart from letter of credit

	2002 Tzs'000	2001 Tzs'000
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24 CAPITAL COMMITMENTS

As at the balance sheet date the Company had the following capital commitments:

Approved, but not contracted for	-	23,572
Approved and contracted for	640,249	988,236
Rental / lease commitments – current	153,144	165,972

25 RELATED PARTY TRANSACTIONS

- The company sells at arm's length a major portion of its production through Cement Distributors East Africa Limited (CDEAL), an associate company and charges CDEAL technical fees at an agreed rate of Tzs 400 per ton (2001 – Tzs 275 per ton), which amounted to Tzs 67,663,500 and Tzs 36,790,600 for the years 2002 and 2001 respectively.
- Trans Africa Railway Corporation Tanzania Limited (TARC) transports the bulk of Tanga Cement Company cement to the up-country markets at agreed rates, on behalf of CDEAL. Tanga Cement Company signed an agreement with TARC for the railway transport services, covering the period from 1 July 2002 to 30 June 2003, in respect of which Tanga Cement has paid a sum of US\$600,000.
- The company pays fees to the immediate holding company, Holcim (Mauritius) Limited as follows:
 - i) A fixed monthly management fee of USD18,500 net of withholding tax. This amounted to Tzs 271,333,256 and Tzs 250,243,256 for the years 2002 and 2001 respectively.

- ii) A group management fee calculated at 1.5% of turnover per formula in the management contract. This amounted to Tzs 693,708,514 and Tzs 511,213,083 for the years 2002 and 2001 respectively.

26 COMMITMENT

The company is committed, per the forward purchase commodity contract it signed with a supplier, to purchase 7,500 metric tons of HFO 180 CST at a fixed price of USD207 per metric ton. In accordance with the terms of contract, the company made a deposit payment of USD776,250 which represent 50% of the total fixed purchase price, upon signing the contract. The remaining 50% of the purchase price is going to be paid in Tanzania Shillings as and when the stock of HFO is consumed. The product is going to be supplied from January to May 2003.

27 CONTINGENT LIABILITIES

There are several court cases instituted against the company by some of its ex-employees whose services ceased as part of a specific redundancy exercise. These ex-employees are claiming various termination / employment benefits aggregating to over Tzs 3 billion.

Management certifies that there were no other contingent liabilities at the balance sheet date.

28 EMPLOYEES

The average number of employees during the year was 321 (2001 – 320)

29 HOLDING COMPANY

The immediate holding company is Holcim (Mauritius) Limited.

30 INCORPORATION

The company is incorporated in Tanzania under the Companies Ordinance (Cap 212).

31 CURRENCY

The financial statements are presented in thousands Tanzanian Shillings (Tzs'000).

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

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Ninth Annual General Meeting of the Shareholders of Tanga Cement Company Limited will be held at Royal Palm Hotel in Dar Es Salaam on Friday 16th May 2003 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 8th Annual General Meeting held on 22nd February 2002, as circulated.

3. FINANCIAL STATEMENTS AND DIRECTORS' REPORT

To receive and adopt the financial statements and directors' report for the twelve months ended 31st December 2002.

4. DIVIDEND FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2002

To confirm the declaration of the dividend for the twelve months ended 31st December 2002.

5. RETIREMENT OF DIRECTORS

To receive any resignations, retirement or removals of directors.

6. APPOINTMENT OF DIRECTORS

To appoint new directors to the Board.

7. APPOINTMENT OF STATUTORY AUDITORS

To approve the appointment of the Statutory Auditors for the twelve months ending 31st December 2003.

8. GENERAL

Any other business.

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy so appointed need not be a member of the Company. Proxy forms 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.


E.L. Moul
Company Secretary
10th March 2003

Corporate Information

TANGA CEMENT

BUILDING TANZANIA



Registered Office

Tanga Cement Company limited
Pongwe Factory Area, P.O. Box 5053 Tanga
E-mail: tccltan@tanga.net

Certificate of Incorporation No. 5068
Registered on 10 November 1973

Company Secretary and Share Registrar

TANGA CEMENT

BUILDING TANZANIA



Emil Moul

Tanga Cement Company limited
Pongwe Factory Area, P.O. Box 5053 Tanga
Tel. 27 2644500/1/2 Fax: 27 2646148
E-mail: tccltan@tanga.net

External Auditors



KPMG

11th Floor, PPF Tower
Ohio Street/Garden Avenue
P.O. Box 1160, Dar es Salaam
Tel. 022 2118866/2120744
Fax: 022 2113343
E-mail: info@kpmg.co.tz



Proxy Form

To:

The Company Secretary,
Tanga Cement Company Limited,
P.O. Box 5053,
TANGA.

I/We

.....

.....

.....of P.O. Box.....

being a member/members of Tanga Cement Company Limited hereby appoint

.....of P.O.

Box.....as my/our Proxy to vote for me/us and on my/our behalf

at the Annual General Meeting of the Company to be held on Friday, 16th May 2003, at The Royal
Palm Hotel, Dar es Salaam, or at any adjournment thereof.

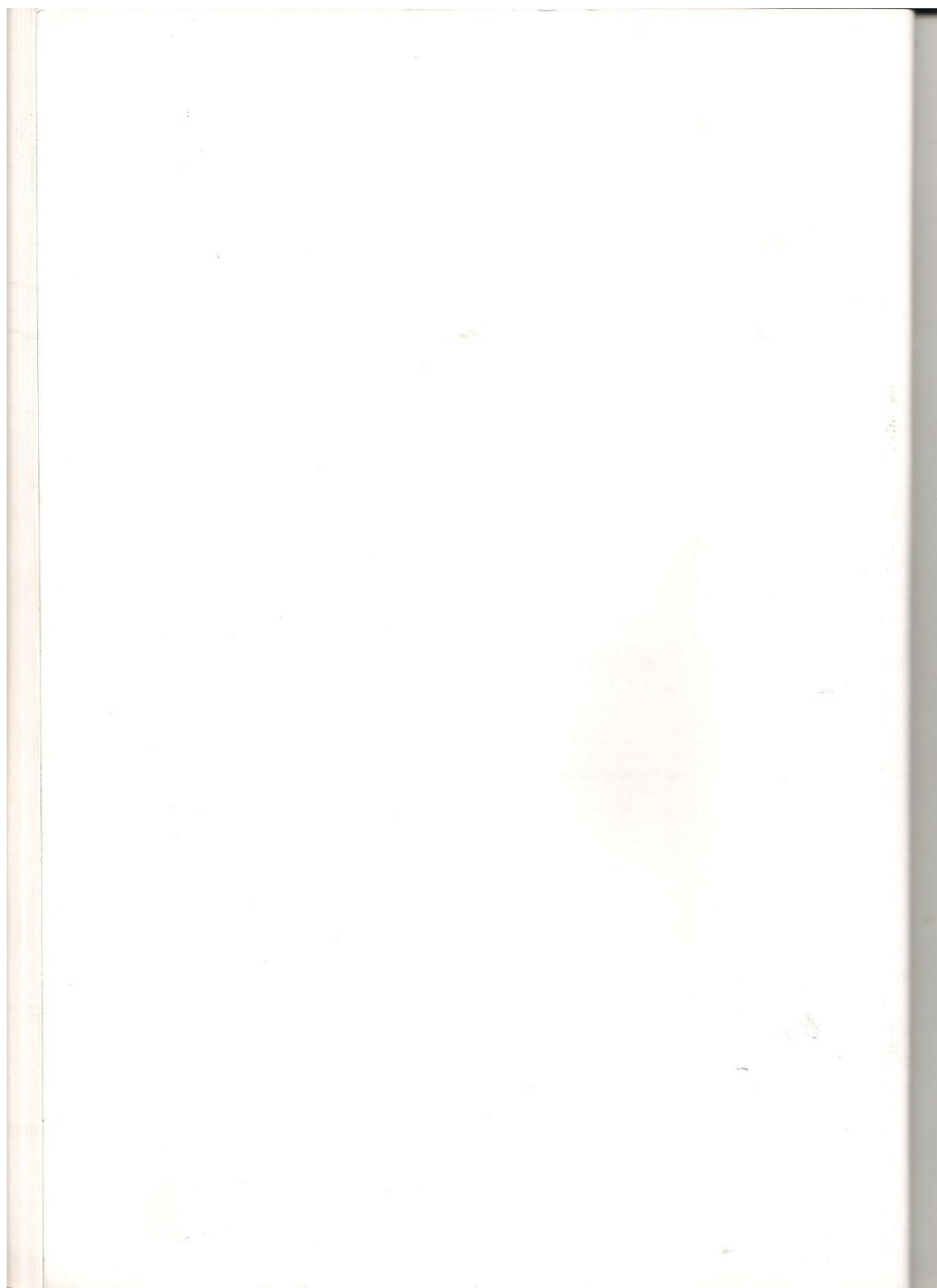
As witness my/our hand/s this.....day
of.....2003.

.....
(Signature/s)

Notes:



Cut along dotted lines



TANZANIA TEA PACKERS LIMITED
CONFIDENTIAL MEMORANDUM

To: All Shareholders,

2001 DIVIDEND

Please note as follows:

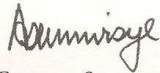
- (a) TATEPA has received a request from several shareholders (both large and small investors) to consider paying the 2001 dividend by way of new shares in The Company rather than in cash.
- (b) In addition the loan covenants that TATEPA has undertaken for the financing of acquisitions require prudence on the payment of dividends in cash.

It is therefore proposed that for the year 2001 all shareholders be offered the option to receive their dividend either in cash at Tzs. 40 per share, or by way of new shares in TATEPA based on the prevailing market price on 28th May 2002. (By way of example if the market price was Tzs. 560 then the dividend scrip would be one new share for each 14 held).

- (a) At the time of writing approximately 80% of shareholders have indicated their desire to take the dividend by way of new shares.
- (b) A formal resolution will require to be passed at The Annual General Meeting, authorising the payment of the dividend by way of either new shares or cash and authorising the allotment of the required new shares.

You are therefore requested to indicate your choice on the attached tear-off slip and send it back to the registered office of the Company or bring it with you to The Annual General Meeting. Failure to do so will not prejudice your rights to the dividend but in the case that no reply is received by 28th May 2002, TATEPA will assume that payment of the dividend relating to your shares will be in cash.

Yours faithfully,



Company Secretary



.....
.....
.....
Date:

Company Secretary,
Tanzania Tea Packers Limited
P. O. Box 1344,
DAR ES SALAAM.

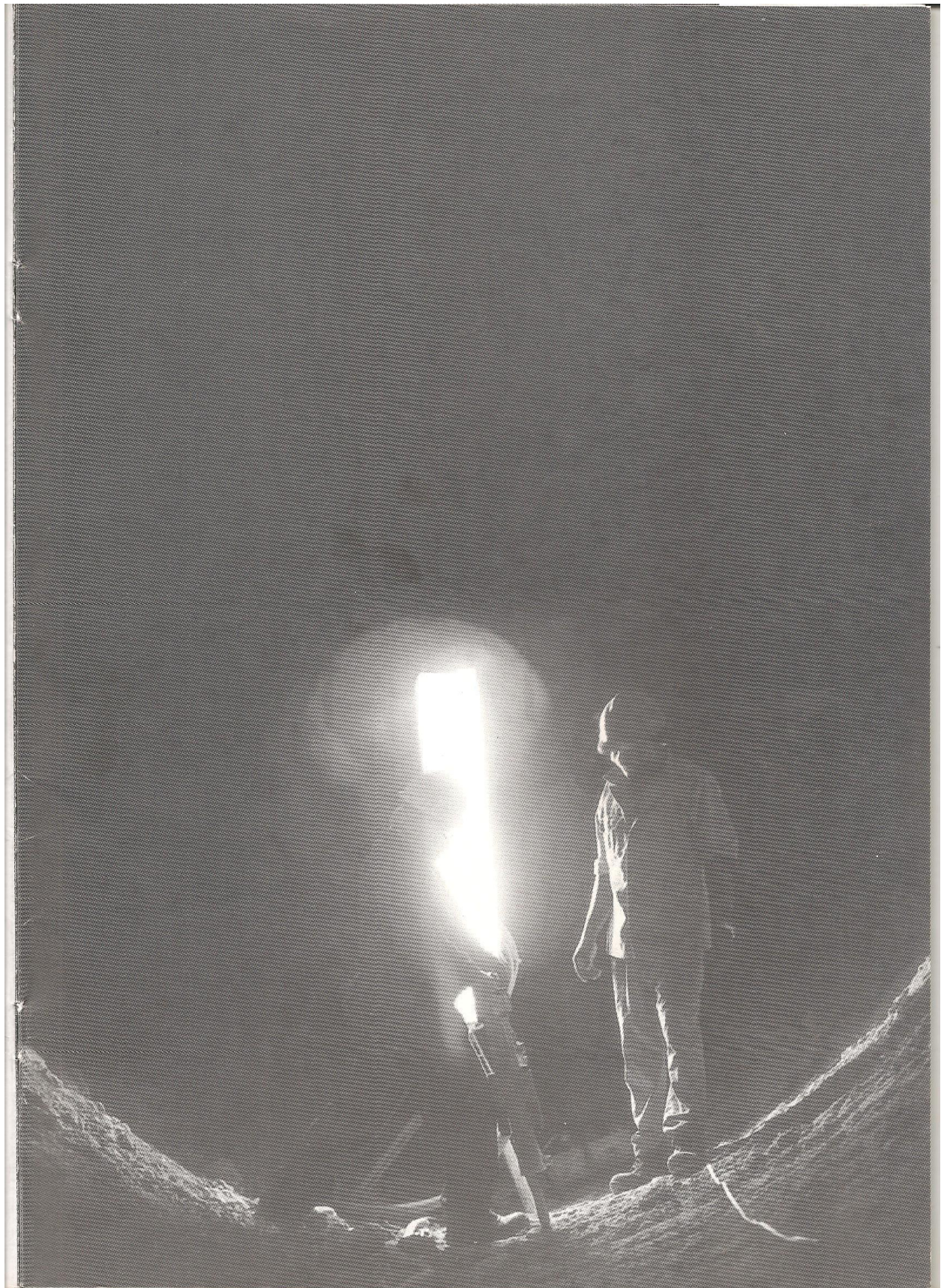
Dear Madam,

RE: DIVIDEND 2001

I/We, the undersigned being shareholders in your Company note that Tatepa intends to make payment of the dividend for 2001 at Tzs. 40 per share on the understanding that payment shall be via either a *scrip issue* or cash. I/We understand that permission for *scrip issue* requires to be granted by the relevant authorities and a resolution passed at The Annual General Meeting. In that instance we do hereby waive our right to receive the dividend in cash and we hereby give you our undertaking to receive the *scrip* equivalent to the cash dividend. I/We understand that the *scrip* will be issued at the market price prevailing on 28th May 2002.

Yours faithfully,

P.S. Limited Company to sign under seal.



TANGA CEMENT
BUILDING TANZANIA



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