Taarifa ya Mwaka
Annual Report
2004

Recognising ability, rewarding performance

TANGA CEMENT
BUILDING TANZANIA

Corporate social responsibility, page 22

SIMBA CEMENT

Environment, page 24

Quality, page 26

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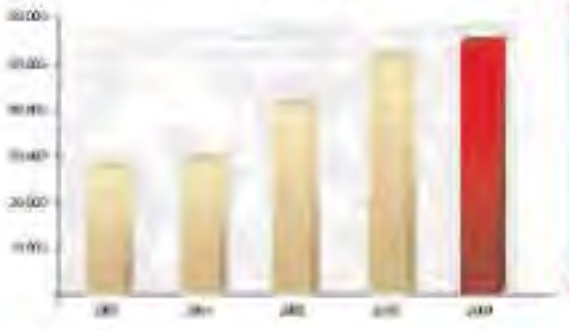
Financial Highlights

- **Year on Year revenue growth of 7%.**
- **Net Profit after tax 2% higher than 2003.**
- **Dividend declaration of TShs 51 per share.**

TSh Billions

Revenue



TSh

Earnings per share

TSh Billions

Profit after taxation

TSh

Dividends per share

Vidokezo vya mapato

TSh Billions

Mapato

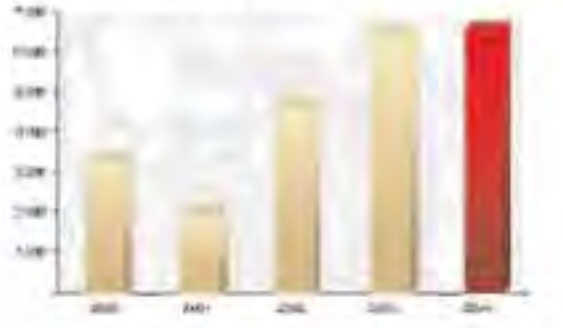
TSh

Mapato kwa hisa

- **Ongezeko la mwaka hadi mwaka la mapato la asilimia 7.**
- **Faida baada ya kodi ya asilimia 2 zaidi ya faida ya mwaka 2003.**
- **Gawio la pekee la shilingi 51 kwa hisa.**

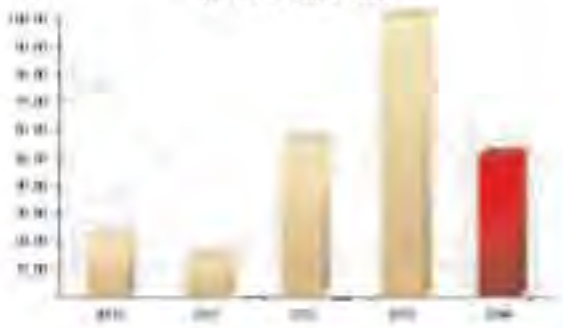
TSh Billions

Faida baada ya kodi



TSh

Gawio kwa hisa



Dave King

Jürg Flühmann

Board of Directors and Profiles
Maelezo mafupi kuhusu Wakurugenzi

Chairman
Dave King (41) South African
B Comm. B Acc CA (SA)

Dave King is Director Finance and Administration of Holcim (South Africa) (Pty) Limited and serves on numerous subsidiary boards of Holcim (South Africa)(Pty) Ltd and Holcim Mauritius Investment Holdings Limited. He has been with Holcim Limited for 17 years.

Mwenyekiti
Dave King (41) Raia wa Afrika ya Kusini
Bcom, BAcc CA (SA)

Dave King ni Mkurugenzi wa Fedha na Utawala wa Kampuni ya Holcim ya Afrika ya Kusini, na kwa miaka 17 akiwa na Holcim Limited ameshikilia ukurugenzi wa kampuni tanzu mbalimbali za Holcim (South Africa) na Holcim Mauritius Investments Holdings Limited.

Managing Director
Jürg Flühmann (50) Swiss
Mechanical Engineering

Mr Jürg Flühmann is the Managing Director of Tanga Cement having taken over from Leon Hooper in September 2004.
Prior to joining Tanga Cement, Jürg Flühmann was at Holcim Group Support in Zurich, Switzerland, where he was Vice President, Corporate Procurement.
Jürg Flühmann has been with Holcim for 25 years and brings with him a wealth of experience in cement operations.

Mkurungenzi Mtendaji
Jürg Flühmann (50) Raia wa Uswisi
Mhandisi Mitambo

Jürg Flühmann ni Mkurugenzi Mtendaji wa Tanga Cement Company aliyechukua nafasi hiyo kutoka kwa Leon Hooper mwezi wa Septemba 2004.
Kabla ya kujiunga na Tanga Cement Company, Jürg Flühmann alikuwa akitumikia Holcim Group Support huko Zurich, Uswisi, kama Makamu wa Rais, Manunuzi.
Jurg Fluhmann amekuwa na Holcim kwa miaka 25 na analeta na uzoefu mkubwa katika sekta hii ya sementi.

Mwanaidi Sinare Maajar

Karl Meissner-Roloff

Mwanaidi Sinare Maajar (52) Tanzanian
LLM (Dar es Salaam), LLB (Dar es Salaam).

Mwanaidi Maajar is an Advocate and a Corporate and Mining Law Consultant. She is a founding partner of Maajar, Rwechungura, Nguluma and Makani Advocates. She has extensive experience in corporate set ups, corporate restructuring, privatization, divestiture of public corporations, mining law and other matters. She is the current Chairperson of the Tanzania Women Lawyers Association and sits on various representative bodies, the International Bar Association and BRELA amongst others. Her firm is one of the most respected law firms in Tanzania.

Mwanaidi Sinare Maajar (52) Mtanzania
- LLM (Dar es Salaam), LLB (Dar es Salaam)

Mwanaidi Maajar ni Wakili na Mshauri wa masuala ya makampuni na sheria za madini. Ni mbia mwanzilishi wa Kampuni ya Mawakili ya Maajar, Rwechungura, Nguluma na Makani. Ana uzoefu mwingi wa mfumo wa makampuni, urekebishaji wa makampuni, ubinafsishaji wa mashirika ya umma, sheria za madini na mengine mengi. Kwa hivi sasa ni mwenyekiti wa Chama cha Wanasheria Wanawake Tanzania na mjumbe mwakilishi wa bodi mbalimbali.

Karl Meissner-Roloff (52)
South African - BSc (Hons) Civ.Eng.

Karl Meissner-Roloff is the Managing Director of Holcim (South Africa) (Pty) Limited. He holds a Bachelor of Science Degree in Civil Engineering (BSc. Civ.Eng.) and has many years experience in the cement industry.

Karl Meissner-Roloff (52)
Raia wa Afrika ya Kusini
BSc (Hons) Civ.Eng.

Karl Meissner- Roloff ni Mkurugenzi Mtendaji wa kampuni ya Holcim (South Africa). Ana Shahada ya Uhandisi (BSc. Civ. Eng.) na ana uzoefu wa miaka mingi katika nyanja ya viwanda vya Saruji.

Venance Francis Ngula

Prof. Samuel Mwita Wangwe

Board of Directors and Profiles

Maelezo mafupi kuhusu Wakurugenzi

Venance Francis Ngula (61) Tanzanian. BA (Hons),MA (Economics)

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

Venance Francis Ngula (61) Mtanzania B.A., BA (Hons), MA Economics

Venance Ngula ana shahada ya Juu ya Uchumi na ameitumikia serikali ya Tanzania katika ngazi mbalimbali kuanzia Ubunge hadi Unaibu Waziri wa Fedha. Pia amekuwa mjumbe wa bodi katika mashirika na makampuni mbalimbali zikiwepo Benki ya Nyumba na Shirika la Chuma la Taifa.

Professor Samuel Mwita Wangwe (56) Tanzanian Phd (Economics) BA (Economics)

Professor Wangwe is a highly respected academic who over the past three years has been involved in his chosen discipline at the highest levels. He read for his doctorate in collaboration with Nobel (Economics, 1998) Prize Winner Prof. Amartya Sen at Oxford and has held lecturing posts at the University of Dar es Salaam. From April 1994 he was elected pioneer Executive Director of ESRF in Tanzania until April 2002. Professor Wangwe has published over ten books and sixty articles. He continues to act as an independent consultant.

Professor Samuel Mwita Wangwe (56) Mtanzania Phd (Economics) BA (Economics)

Profesa Wangwe ni msomi anayeheshimika ambaye katika muda wa miaka mitatu iliyopita amekuwa akijihusisha na taaluma yake kwa kiwango cha juu. Amesomea Udaktari kwa ushirika na mshindi wa tuzo la Prof. Amartya Sen huko Oxford na amewahi kushikilia nafasi ya Uhadhiri katika Chuo Kikuu cha Dar-es-Salaam. Tangu Aprill 1994 aliteuliwa mwaanzilishi na Mkurugenzi Mkuu wa Taasisi ya Utafiti wa Masuala ya Uchumi na Jamii (ESRF) ya Tanzania hadi Aprili 2002. Profesa Wangwe ameandika zaidi ya vitabu kumi na makala sitini. Anaendelea kufanya shughuli za ushauri binafsi.

Dr. Peter Eliezer Temu

Emil Luke Moul

Dr. Peter Eliezer Temu (68) 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.

Dk. Peter Eliezer Temu (68) Mtanzania
BSc Economics, MA Economics (Stanford),
Phd Economics (Stanford)

Peter Temu amekuwa akifanya kazi kama msomi aliyebobea na ameitumikia serikali ya Tanzania na Umoja wa Mataifa katika ngazi mbalimbali kabla ya kustaafu mwaka 1996. Amekuwa mkurugenzi wa Kituo cha Kimataifa cha Mipango na amepata udaktari wa falsafa ya masuala ya uchumi kutoka Chuo Kikuu cha Stanford na sasa amestaafu.

Company Secretary
Emil Luke Moul (46) British
FCMA FCIS T.ACPA

Emil Moul is Tanga Cement's Finance Manager and Company Secretary. He is a Chartered Management Accountant (FCMA) and a Chartered Secretary (FCIS). He joined Tanga Cement in March 2001. He has twenty-one years' business experience in executive and senior management positions in listed world-class multinational companies.

Katibu wa Kampuni
Emil Luke Moul (46) Mwingereza
FCMA FCIS T.ACPA

Emil Moul ni Meneja wa Fedha na Katibu wa Tanga Cement company. Amebobea katika taaluma ya Uhasibu na mambo ya Uongozi. Emil ni Mhasibu msajiliwa katika taalum ya uongozi (FCMA) na msajiliwa mwenye taaluma ya Uhazili (FCIS). Amejiunga na Kampuni ya Saruji ya Tanga mwezi wa Machi 2001. Ana uzoefu wa miaka 20 wa kuendesha biashara na ameshikilia nafasi za juu za utawala katika makampuni ya kimataifa yaliyosajiliwa katika masoko ya hisa.

"We expect continued growth in 2005 in the market with it being an election year"

Chairman's Statement

The year ended December 2004 was a lot tougher in the second half than the first six months.
Higher world fuel prices and unreliable rail distribution reduced margins in the later part of the year causing earnings to remain flat compared to 2003.

The local market continued to grow at a slower rate of around 7% and we enjoyed satisfactory revenue growth. Costs however were a problem and certain projects are being implemented to address this, amongst others, the conversion from oil to coal to fire the kiln. A new coal mill will be commissionec in November 2005 at a cost of TSh 8 billion.

The result of the above was a disappointing increase in net profit after tax of 2% to TSh65 billion. In September 2004 Jürg Fluehmann was appointed Managing Director. Jürg comes from Holcim, the controlling shareholder and brings a wealth of experience in the cement industry. I thank him for his contribution thus far and look forward to his input in the future.

Dividend declaration
Due to the high level of capital expenditure to be spent in 2005, it is proposed that the company return to our stated dividend policy of 50% of net profit after tax. A dividend of TSh 23 is therefore proposed for payment, bringing the total for the year to TShs 51 (2004 -TShs 100).

Prospects
This has been a year of consolidation after the records of 2003. We expect continued growth in 2005 in the market with it being an election year. With the plans we have put in place and stability in the market, we expect double digit earnings growth for the 2005 financial year. Our coal mill project is the largest capital project we have undertaken and underlines our commitment to be a cost leader in the region.The benefits of this project will be enjoyed in the years to come.

Appreciation
I would like to thank our stakeholders for their support during the year. I would also like to thank you in advance for your continued support in 2005. At the current share price, the shareholders who have been with us since we listed, have made a substantial return on their investment. We plan to continue to grow that return.

Dave King
Chairman of the Board

"Tunategemea ukuaji kuendelea katika soko mwaka 2005, mwaka wa uchaguzi mkuu".

Taarifa ya Mwenyekiti wa Bodi ya Wakurugenzi

Mwaka ulioishia Desemba ulikuwa mgumu zaidi katika nusu ya pili kuliko miezi sita ya mwanzoni.

Bei kubwa zaidi za mafuta ya petroli na mawasiliano ya reli yasiyoaminika kwa usafirishaji yalipunguza viwango vya faida katika sehemu ya pili ya mwaka na kusababisha mapato kubakia sawa na mwaka 2003.

Soko la ndani liliendelea kukua kwa kiwango kidogo zaidi kwa takribani asilimia 7, lakini tulitendelea kufurahia ukuaji wa mapato. Hata hivyo, ukuaji wa gharama ulikuwa ni tatizo na tumeingia kwenye miradi kadhaa ambayo utekelezaji wake utapunguza makali hayo, kwa mfano, kutumia makaa ya mawe badala ya mafuta kwenye kinu. Mtambo wa kuchoma makaa ya mawe utazinduliwa mwezi Novemba 2005, kwa gharama ya Shilingi za Tanzania bilioni 8.

Matokeo ya matukio hayo ni faida ndogo ya asilimia 2 baada ya kodi, iliyofikia Tshs. 6.5 billioni.

Mwezi Septemba 2004, Jürg Flühmann aliteuliwa kuwa Mkurugenzi Mtendaji. Jürg ametokea Holcim, Mwanahisa Mkuu (Controlling Shareholder), na anao ujuzi mkubwa katika sekta ya sementi. Ninamshukuru kwa mchango wake hadi sasa na ninatazamia machango wake zaidi kwa siku za baadaye.

Tamko la Gawio
Kwa sababu ya matumizi makubwa ya uwekezaji yanayotazamiwa mwaka 2005, inashauriwa kurejea kwenye sera ya gawio la asilimia 50 ya faida baada ya kodi. Kwa hiyo gawio la Tshs. 23.00 linapendekezwa na kufanya jumla ya gawio kwa mwaka kuwa Tshs. 51.00 (2004 – Tshs. 100.00).

Matazamio
Huu umekuwa ni mwaka wa majumuisho baada ya mafanikio makubwa ya 2003. Tunategemea maendeleo ya ukuaji katika soko mwaka huu wa 2005 ukiwa ni mwaka wa uchaguzi mkuu. Mipango tuliyo nayo pamoja na uimara wa soko uliopo inatupa matumaini ya ukuaji wa mapato wa zaidi ya asilimia 10 kwa mwaka wa fedha wa 2005. Mradi wetu wa kinu cha mkaa ni mradi mkubwa wa uwekezaji utakaotekelezwa na unadhihirisha dhamira yetu katika udhibiti wa gharama katika eneo hili. Faida za mradi huu zitaonekana katika miaka ijayo.

Shukrani
Ninataka kuwashukuru wadau wetu kwa ushirikiano wao kwa mwaka mzima. Kadhalika ningetaka kuwashukuru kwa ushirikiano wenu ninaoutazamia kwa mwaka wa 2005. Kwa bei ya sasa ya kila hisa, wale wanahisa ambao wameshikilia hisa zao tangu mwanzoni watakuwa wameshapata faida kubwa kutokana na uwekezaji wao. Tunapangilia kuendelea kukuza hiyo faida.

Dave King
Mwenyekiti wa Bodi.

"With the East African Customs Union being a reality as of January 1st 2005, the continuous reduction of production and distribution costs are of utmost importance to Tanga Cement"

Managing Director's Report

The year 2004 for Tanga Cement was a year of consolidation of the excellent 2003 results, under increasingly difficult conditions affecting our production costs in 2004 considerably.

Despite the sharp increase of fuel prices on the world market as well as low reliability of the railway distribution, Tanga Cement was able to meet the previous year results and exceed them slightly.

Achievements 2004:

- Stable production volumes to meet the demand of cement on TCCL domestic market with an increase of 10% compared to previous year.
- Exceeding the previous year's profit after tax by 2% with Tshs:6,517 million.
- First cement company in Tanzania to obtain the ISO 14001 environmental management certification.
- Increased the usage of Biomass (cashewnut shells, seaflower cake, sunflower cake, coconut husks) as Alternative Fuel in our kiln, to reduce consumption of high cost fuel oil and continued further to being an environmentally oriented company.
- Obtained the KPMG Award for the most respected company in Tanzania for the year 2004.
- Sales of additional TCCL-shares from the Tanga Employees' share trust to our major shareholders Public Service Pensions Fund and Social Action Trust Fund, giving a strong signal of shareholder commitment to the company.

Challenges for 2005:

With the East African Customs Union being a reality as of January 1st 2005, the continuous reduction of production and distribution costs are of utmost importance to Tanga Cement to remain competitive in a wider market. Improvements on the national infrastructure, especially the railway network and ensuring a constant supply of electricity to allow continuous production. These are basic steps towards developing the industry in Tanzania.

To move away from the high cost of fuel oil, Tanga Cement has embarked on an investment into building a coal mill at a cost of Tshs. 8 billion to be commissioned at the end of the year.

 Managing Director's Report continues on page 12

Jurg Fröhlmann, Managing Director

"Kwa sababu Umoja wa Ushuru wa Forodha wa Afrika Mashariki umeanza kazi kuanzia Januari 1, 2005, upunguzaji endelevu wa gharama za uzalishaji na usambazaji ni muhimu sana".

Taarifa ya Mkurugenzi Mtendaji

Mwaka wa 2004 ulikuwa ni mwaka wa majumuisho kwa Tanga Cement ya mafanikio makubwa ya mwaka 2003 katika hali ngumu iliyosababishwa hasa na gharama kubwa za uzalishaji.

Pamoja na ongezeko kubwa la bei za mafuta katika soko la dunia na uduni wa mawasiliano yasioaminika ya njia ya reli, Tanga Cement walliweza kufikia malengo ya mwaka 2003 na kuyavuka kidogo.

Mafanikio ya 2004.

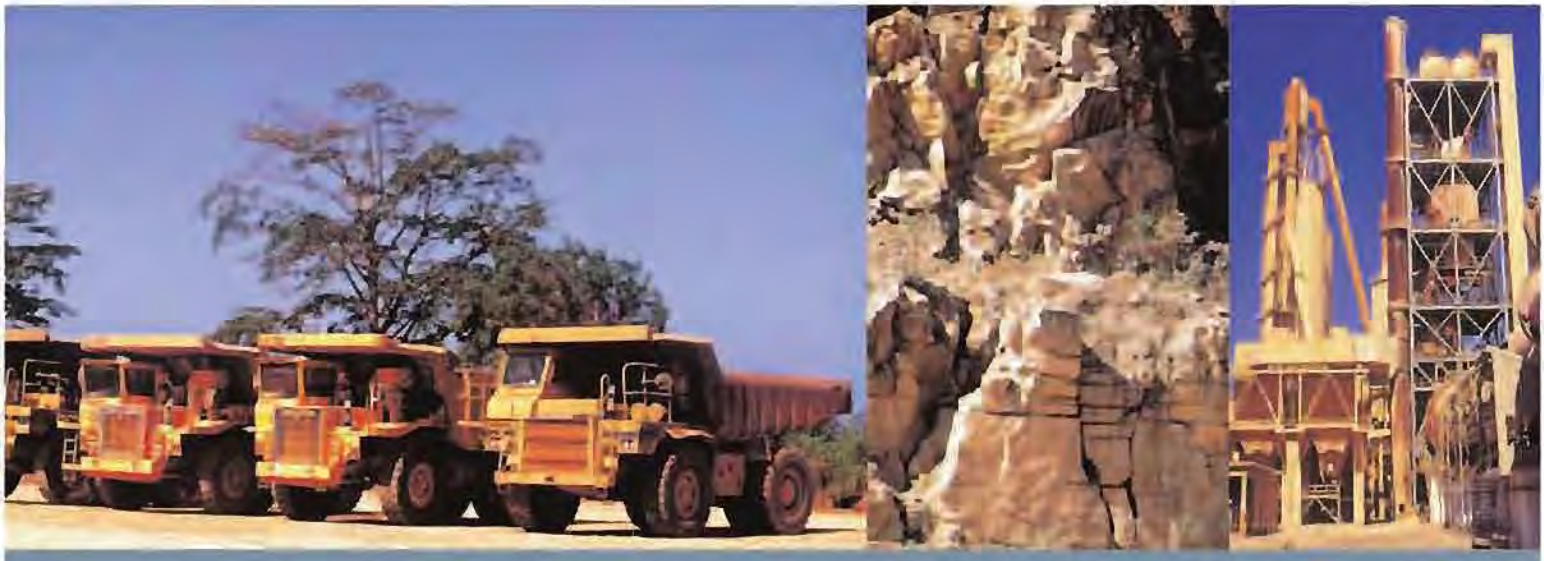
- Mtiririko mzuri wa uzalishaji kukidhi mahitaji ya sementi kutoka TCCL ili kutosheleza soko la ndani na kupita kiwango cha mwaka uliopita kwa asilimia 10.
- Kupita faida ya mwaka uliopita baada ya kodi kwa asilimia 2 na kufikia Tshs. 6,517 millioni.
- Kuwa kampuni ya kwanza ya sementi, Tanzania, kupata Cheti cha ISO 14001 Cha utunzaji wa mazingira.
- Kuongeza utumiaji wa nishati asilia (biomass), k.m. vifuu vya nazi; mashudu ya alizeti; n.k. kama nishati mbadala katika kinu na kupunguza matumizi ya mafuta, hatua ambayo imeongezea sifa ya Kampuni inayojali mazingira.
- Kupata zawadi ya KPMG ya kuwa kampuni bora Tanzania mwaka 2004
- Mauzo ya hisa za ziada za TCCL kutoka kwenye mfuko wa "the Tanga Employees' share trust" kwa baadhi ya wanahisa wakubwa, Mfuko wa Pensheni wa Watumishi wa Serikali (Public Service Pensions Fund) na Social Action Trust Fund, Ikionyesha umakini wa wanahisa katika kampuni.

Changamoto kwa 2005.

Kwa sababu Umoja wa Ushuru wa Forodha wa Afrika Mashariki umeanza kazi kuanzia Januari 1, 2005, upunguzaji endelevu wa gharama za uzalishaji na usambazaji ni muhimu sana kwa Tanga Cement kubaki na uwezo wa ushindani katika soko pana zaidi. Uboreshaji wa miundombinu ya taifa, hasa njia za reli kwa ajili ya uboreshaji wa usafirishaji na upatikanaji wa umeme wa kuaminika kuhakikisha mtiririko mzuri wa uzalishaji ni hatua za msingi katika kuhakikisha uendelezaji wa sekta hii hapa Tanzania.

Ilikuachana na gharama kubwa ya mafuta ya mitambo, Tanga Cement imewekeza kwenye kinu cha mkaa wa mawe kwa gharama ya Tshs. 8 billioni na kitazinduliwa mwisho wa mwaka huu.

Matumizi zaidi ya nishati asilia kama nishati mbadala kwa ajili ya kinu chetu ni hatua ya ziada kuelekea kwenye upunguzaji wa gharama.



" Tanga Cement is working to increase of cement consumption in Tanzania. "

The further increase of biomass as alternative fuel for our kiln is an additional step towards reduction of our production costs.

Future Prospects:

Tanga Cement as a member of the East African Cement Producers Association is working in coordination with the various local associations for the increase of cement consumption in Tanzania. Special projects for concrete roads and affordable housing have been initiated and will contribute to this objective.

The further increase of biomass as alternative fuel for our kiln is an additional step towards reduction of our production costs

The year 2005 will be a decisive year for the company in its 25th anniversary. The conversion from HFO to coal, the improvement of the distribution network and the various cost reduction projects will lead to further success of Tanga Cement in a sustainable way.

Jürg Flühmann
Managing Director

" Tanga Cement inafanya kazi kwa nia ya kukuza utumiaji wa sementi hapa Tanzania".

Mategemeo ya Baadaye

Tanga Cement kama mwanachama wa "Chama cha Wazalishaji Sementi cha Afrika Mashariki" (the East African Cement Producers Association) inafanya kazi kwa ushirikiano na vyama mbalimbali vya hapa nchini kwa nia ya kukuza utumiaji wa sementi hapa Tanzania. Miradi maalum ya barabara ya sementi na nyumba za bei nafuu imeanzishwa na itafanikisha lengo hili.

Mwaka 2005 utakuwa ni mwaka maalum kwa kampuni kwani inatimiza miaka 25 tangu ianzishwe. Matumizi ya makaa ya mawe badala ya mafuta, Uboreshaji wa mbinu za usambazaji wa sementi na miradi mbalimbali inayofaywa kwa lengo la kupunguza gharama, vyote vitaendeleza mafanikio endelevu ya Tanga Cement.

Matumizi zaidi ya nishati asilia kama nishati mbadala kwa ajili ya kinu chetu ni hatua ya ziada kuelekea kwenye upunguzaji wa gharama.

Jürg Flühmann
Mkurugenzi Mtendaji

The Human Resources Excellence Programme (HRE)

The programme was introduced to Tanga Cement Company as a performance management process that links employees' performance with bonus scheme. Each employee has a performance contract that aligns it with the company's overall objectives. Within each performance contracts there are Key Performance Indicators (KPI's) that are measurable in order to see if the targets have been achieved. The programme also measures behavior that breeds success at the workplace. Such behaviors include team work, communication, customer care etc.

The main objectives of HRE is to ensure that:

- Each employee understands company strategic plan and performance targets.
- Performance targets are cascaded from management to lower levels.
- Each employee is aware of minimum performance requirements.
- All employees understand the benefits and consequences of meeting and not meeting performance targets.
- All employees receive regular feedback and ongoing coaching on performance.
- Critical performance behavior is encouraged and cultivated throughout the organization.

The results of the programme can be explained as follows:

- Employees have gained a better understanding of the core company objectives and how their work is linked to the overall performance of the company.
- Behavior change within the workplace, as people are now aware of how undesired behaviors affect team work and productivity.
- Performance gaps have been minimized through training and coaching on weak areas as identified during performance reviews.
- Improved relationship between management and employees. This is the result of face-to-face performance reviews on individual's strength and weakness.
- Bonus scheme has increased job satisfaction as employees who perform well are rewarded.
- Increased confidence among employees.

Peter Mkeni

A formidable contender for a long service award having worked for Tanga Cement for 22 years, M keni is the packing plant controller. He joined the company as a loading foreman. Some of the reasons he enjoys his job is because he gets a good salary and he is treated well. This motivates him to work even harder.

One of Mkeni's KPI's is packing 85 tons per hour and he credits the HRE-Pro gramme for increasing productivity, reducing costs and improving communication between management and employees.

Peter Mkeni

Akiwa ni mshindani mkubwa wa zawadi ya utumishi wa muda mrefu baada ya kuitumikia Tanga Cement kwa miaka 22, Mkeni ni Mdhibiti wa Idara ya Ujazaji na Ufungaji. Alijiunga na Kampuni kama Msimamizi wa Upakiaji. Moja ya sababu zinazomfanya kufurahia kazi yake ni kwamba analipwa mshahara mzuri na anathaminiwa. Na hili humhamasisha kufanya kazi kwa bidii zaidi. Mojawapo ya vigezo vya upimaji utendaji kazi wa Mn keni ni ujazaji na ufungaji wa tani 85 kwa saa, na kwa hiyo kuweza kutimiza matakwa ya mpango wa udhibiti wa uzalishaji kwa kuongeza uzalishaji, kupunguza gharama na kuboresha mawasiliano kati ya utawala na wafanyakazi.

"Every month they encourage you to work harder and it is the same for every manager."

" Kila mwezi wanakuhamasisha kufanya kazi kwa bidii zaidi na ni hivyo kwa mameneja wote."

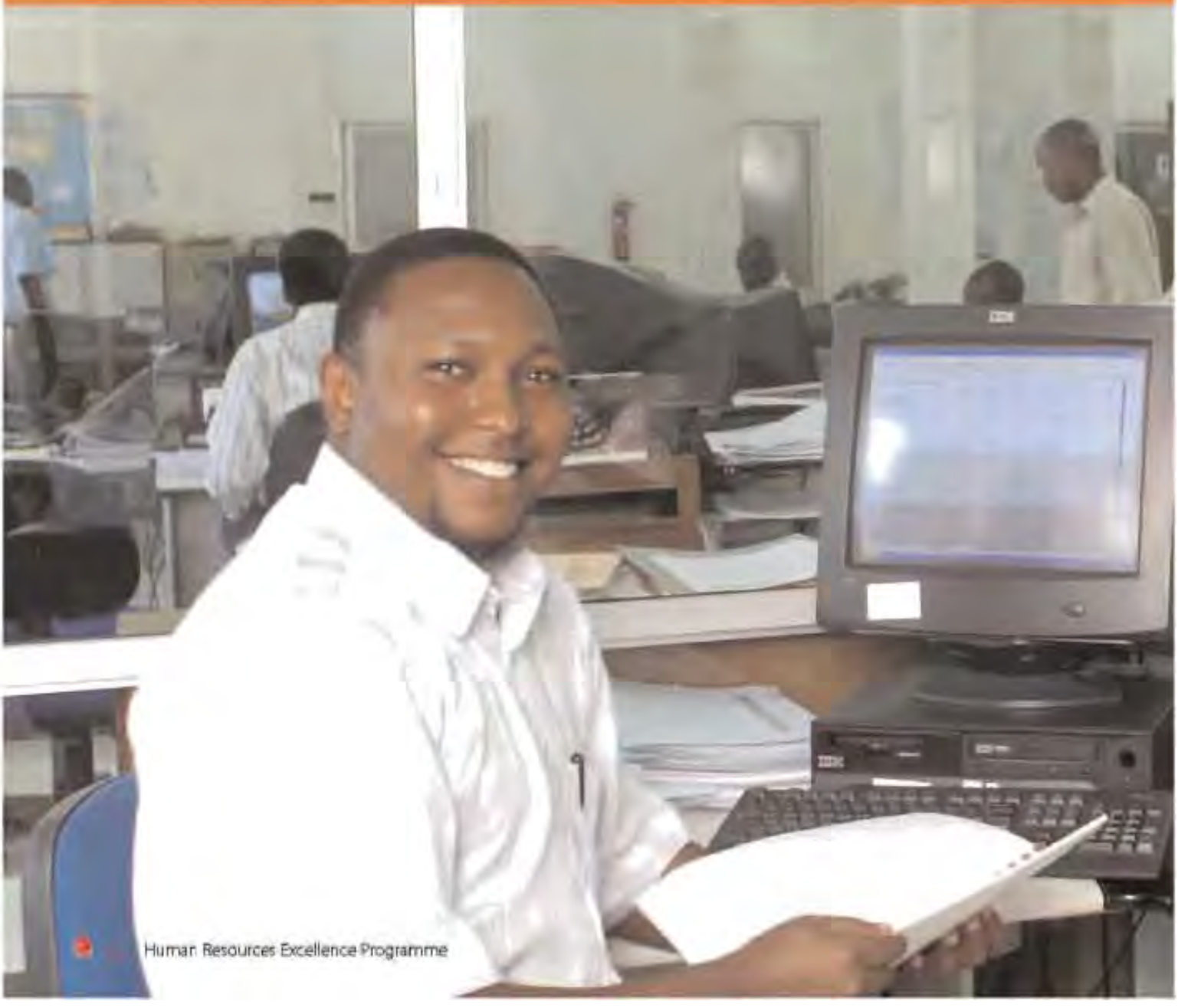
Dennis Kwame

Dennis joined the Finance Department six months ago as an accountant and so far praises the company for availing opportunities for employees to perform and be recognised.

Interestingly, he encountered the HRE programme fundamentals at his former employment and therefore has no difficulties adapting at Tanga Cement. He admits though that some things "are really difficult to measure," particularly in his department.

He lauds the HRE programme for making employees more competitive, productive and better planners.

"This programme makes you perform better. At the end of the day it is all about making the workers more effective."



Dennis Kwame

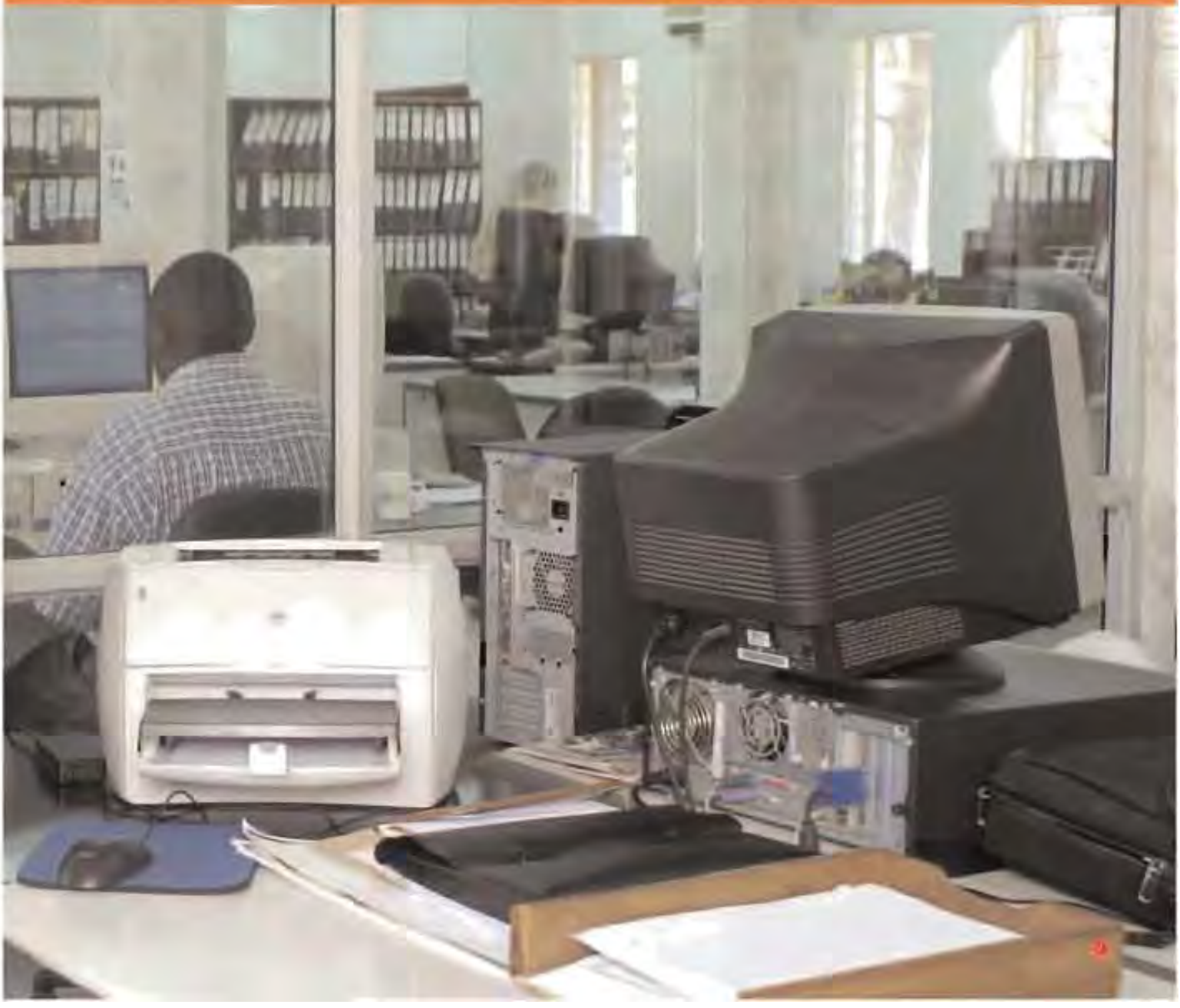
Dennis alijiunga na Idara ya Fedha miezi sita iliyopita kama mhasibu na ameisifu Kampuni kwa kuwawezesha watumishi kutekeleza na kutambulika.

Cha kufurahisha ni kwamba yeye alishakumbana na mpango wa udhibiti kama huu kwenye kazi yake ya awali na kwa hiyo hakuwa na tatizo la kuutekeleza hapa Tanga Cement.

Hata hivyo anakubali kuwa mengine ni magumu sana kupima, hasa katika idara yake.

Ameusifu sana huu mpango wa udhibiti kwa kuwa umewafanya wafanyakazi kuwa washindani, wazalishaji na wapangaji/wabunifu wazuri zaidi.

" Mpango huu unakuwezesha kutekeleza vizuri zaidi. Mwishowe ni suala la kuwawezesha wafanyakazi kutimiza yale waliotakiwa kutimiza."



Marcel Mashili

As the shift supervisor in the quarry, Mashili's responsibilities include assigning his 12 staff different machines, tasks and locations. In addition, he is also a quality and environmental auditor as the ISO 14000 certification covers all departments. He loves his job. "I like the quarry activities. It is very mechanical and you see the results very easily..."

He concurs that the HRE programme has driven his co-workers to strive for better results because their bonuses are pegged to achievement surpassing of set targets.

"I find the HRE programme good. I'm doing well. Last week we had our annual reviews and I did better than expected."

Marcel Mashili

Kama msimamizi wa zamu katika machimbo, maju kumu ya Mashili ni pamoja na kuwagawia watekelezaji wake 12 karandinga, kazi na maeneo ya uchimbaji. Pamoja na hayo, yeye vilevile ni mdhibiti wa mazingira kwani cheti cha ISO 14000 kinahusisha idara zote. Maschell anaipenda kazi yake. Ni ya kiufundi na mato keo yake yanaonekana kwa uwepesi. Anakubaliana na mpango wa udhibiti wa nguvukazi ambao umewapeleka wafanya kazi wenzake wajitahidi kufikia kiwango ki ku bwa zaidi cha uzalishaji kwani bonasi zao zimefungamana na malengo yaliyowekwa.

"Ninaona mpango wa udhibiti wa nguvukazi ni mzuri. Maendelo yangu ni mazuri. Wiki iliyopita tulikuwa na marejeo ya utendaji kazi ya mwaka uliopita na nilifanya vizuri kuliko nilivyotegemea."

Corporate Social Investments

Huduma za Kijamii za Kampuni

Tanga Cement continues to contribute significantly to the Tanzanian community by means of its social responsibilitypolicy.

The company contributes 1% of the profit before tax to specific charities and associations.

A total of 670 tonnes of cement were donated during the year to various groups and organizations, examples of which were:

KITUWODEA
Cement donated for construction of a mini-cashew nut processing factory in Kitangari, Mtwara.

Masanza and Malili Secondary Schools
Cement donated to complete construction of these schools in Magu District, Mwanza

ZAYEDESA
Cement donated for construction of new maternity ward at Mnazi Mmoja General Hospital and construction of the Youth Friendly Facility Centre in Pemba to be used to counsel youth on matters of HIV/AIDS and substance abuse. All these projects are in Zanzibar.

EOTF
Cement donated for construction of a Children Village at Kibaha, Dar es Salaam, to address fundamental needs of a child.

Tanga Coastal Zone Conservation and Development Programme
Cement donated for construction of patrol base in Sahare and dead weights to be anchored with steel wire to demarcate closed reefs throughout the coastal zone of Tanga region.

St. Francis School for the Disabled
Cement donated further expansion of the school in the Hai District, Kilimanjaro

In addition to cement donations, Tanga Cement has given financial support to some sports teams, cultural festivities and health awareness related campaigns.

Huduma za Kijamii za Kampuni
Tanga Cement company inaendelea kuchangia kwa kiwango kikubwa kwa jamii ya Kitanzania kwa kutumia sera yake ya kutekeleza jukumu lake kwa jamii.

Kampuni inachangia hadi kufikia asilimia 1 ya faida yake kabla ya kodi kwa vikundi ambavyo vinasaidia jamii.

Jumla ya tani 670 za saruji zilichangiwa kwa mwaka huu kwa vikundi na taasisi mfano wake ni:

KITUWODEA
Sementi waliyopewa ilitumika kutengeneza mtambo mdogo wa kubangua korosho Kitangari, Mtwara.

Shule za Sekondari za Masanza na Malili
Sementi waliyopewa waliitumia kumalizia ujenzi wa shule hizi katika wilaya ya Magu, Mwanza.

ZAYEDESA
Kampuni ya Saruji imeilpatia shirika hilo saruji ili kufanikisha miradi ya jamii huko Zanzibar.

EOTF
Kampuni ya Saruji imelipatia shirika hilo saruji kwa ajili ya kujenga hospitali ya Wilaya ya Mkuranga na maabara huko mkoani Pwani.

Tanga Coastal Zone Conservation and Development Programme
Sementi ilitolewa kwa ajili ya ujenzi wa kituo cha ulinzi Sahare na vifaa vizito vitakavyozamishwa na nyaya za chuma ili kutenganisha maeneo ya kilindi cha bahari yaliyofungwa katika ukanda wote wa bahari mkoani Tanga.

Shule ya walemavu ya St. Francis
Sementi waliyopewa waliitumia kupanua hii shule iliyopo Hai, Kilimanjaro.

Pamoja na hayo Kampuni iliitoa msaada wa fedha kugharamia michezo na shughuli nyingine za kijamii.

Corporate Social Responsibility (CSR) Policy Statement

Our actions today mould the future

Mission

Being part of Holcim Limited and as part of our commitment to sustainable development, we at Tanga Cement recognize our social responsibilities and aim to visibly play a aleading role within the company's spheres of influence.

CSR Policy Statement

We are committed to work with all our stakeholders, building and maintaining relations of mutual respect and trust. We aim to contribute to improving the quality of life of our workforce, their families and the communities around our operations.

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

The policy is subject to regular re-elevation and revision based on the input of internal and external stakeholder involvement and consultation.

Jürg Fluhmann
Managing Director

Environment

During the year 2004 we maintained our focus on ISO 14001 environmental standards requirements through audits, reviews, and also on continual improvement as stated in our Environmental Policy.

Milestones achieved include:

- Increased use of alternative fuels.
- CO_2 emissions reduction.
- Emissions monitoring
- Continuous monitoring of gaseous emissions
- Pollution Control

At Tanga Cement, environmental compliance is a responsibility shared by all employees and contractors at site.

Mazingira

Mwaka 2004 tuliweka mkazo kwenye vigezo vya mahitaji ya mazingira kwa kuimarisha udhibiti, marejeo na maendeleo endelevu kama ilivyotajwa kwenye sera yetu ya mazingira.

Mafanikio yaliyopatikana ni pamoja na kuwa na:

- Mpango wa kuwa na nishati mbadala
- Harakati za kupunguza hewa chafu (CO2)
- Ufuatiliaji wa utoaji uchafu
- Mafunzo ya mazingira na ufahamu wa usalama kwa wafanyakazi na makandarasi
- Udhibiti wa uharibifu wa mazingira

Hapa Tanga Cement, kuheshimu mazingira ni wajibu wa wafanyakazi na makandarasi wote waliopo.

Tanga Cement uses alternative fuels to
save fuel replacement and reduce CO_2 emissions

Environmental Policy

Our actions today mould the future

Policy

Tanga Cement recognises the universal right of present and future generations to an environment that is not harmful to human well-being. We therefore conduct our operations in such a way that we minimise any potential adverse effects of the cement processes and products on the community, the environment and ourselves.

Tanga Cement believes that the best mechanism to ensure that this right is maintained is through the adoption of practices consistent with the goals of sustainable development, aiming to create a balance between economic performance, social responsibility and environmental improvement.

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

Strategy

- Tanga Cement management will provide the necessary resources to execute this strategy.
- Comply with all relevant environmental legislation, regulations and other requirements.
- Establish and maintain an environmental management system that complies with the requirements of ISO 14001.
- Achieve continual improvement through the process of the management, execution of performance assessments and the implementation of improvement programmes. The progress achieved on objectives and targets will be reviewed on a periodic basis by means of environmental management reviews.
- Strive towards the optimal utilisation of resources through the reduction of waste and use of fossil fuels and the prevention of pollution through the use of waste-wise, efficient and environmentally friendly measures.
- Develop an emergency preparedness programme identifying potential environmental risks of Tanga Cement operational activities and products with the subsequent implementation and maintenance of risk mitigation measures.
- Provide appropriate environmental training for all employees and contractors with a view to achieving the objectives of this policy.
- Perform environmental rehabilitation on all mining sites and on closure of operations in order to ensure a self-sustainable or positively viable ecosystem for future generations.
- Actively and openly participate in environmentally related dialogue with all interested and affected parties, including employees, the government, non-governmental organisations and representatives from community organisations and preferentially support and assist environmentally responsible suppliers of goods and services.
- The Tanga Cement Environmental Policy is viewed as a dynamic document that will be reviewed on a regular basis to take cognisance of improved environmental understanding and practice.

Jörg Hühnken
Managing Director

TANGA CEMENT

Quality Policy

Our actions today mould the future

Policy

The vision of Tanga Cement Company Limited (TCCL) is to become the most advanced, efficient and profitable cement operator within East Africa.

In order to maintain our core values of integrity and a commitment to everything we do, we will consistently provide products and services in line with the requirements of our customers.

This quality policy will guide towards the aims to develop, implement and maintain a quality culture of customer satisfaction to achieve this, the following policy objectives have been defined:

Policy Objectives

- TCCL management will provide employees with adequate resources in order to achieve the stated objectives.
- Comply with the requirements of the ISO 9001:2000 series of quality management system standard and the product requirements of the TZS 727 : 2002.
- Identify customer requirements, give their relevance and measure our success in meeting them.
- Set specific quality objectives appropriate to the activities of our various units, measure the progress and review the achievements thereof.
- Audit and continually improve the effectiveness of TCCL's documented quality management system.
- Increase quality awareness throughout TCCL.
- Agree to the performance indicators for all TCCL employees which are directed towards quality performance, personal growth and business goals.
- Share the achievements of TCCL's business performance with employees, distributors and customers.
- Communicate TCCL Quality Policy to employees.
- TCCL employees will seek management for the execution of this policy by reporting non-conformities that have an impact on the quality of TCCL products and services.

This policy will be reviewed on a periodical basis to ensure that it is best suited to meeting TCCL's business goals.

Jörg Rittmann
Managing Director

TANGA CEMENT
BUILDING TANZANIA

Quality

Tanga Cement was certified as ISO 9001:2000 compliant during the course of 2003.

The company continues to produce high quality product with all of the aspects of management being optimized to ensure the appropriate standards are adhered to.

Ubora

Kampuni ya Saruji ya Tanga imetunukiwa tunzo ya ISO 9001:2000 kwa kuendeleza ubora wa saruji kwa mwaka 2003.

Kampuni iliendelea kuzalisha bidhaa za ubora wa kiwango cha juu, uongozi ukiwa na nia ya kuhakikisha viwango husika vya ubora vinatekelezwa.

Corporate Governance

Tanga Cement continues to improve its levels of corporate governance and during the course of the year a number of new committees have been formed in line with established best practice.

Tanga Cement believes that high standards of corporate governance are fundamental to achieving its long term strategic goals and to meeting the needs of company 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 a 12.5% shareholding is entitled to nominate a director.
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 three 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.

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.

Utawala wa Kampuni

Kampuni ya Saruji ya Tanga imeendelea kuimarisha viwango vyake vya utawala bora na kwa kipindi cha mwaka huu, kamati mbalimbali ziliundwa zikiwa ni sehemu muhimu ya utendaji bora.

Kampuni ya Saruji ya Tanga inaamini kwamba utawala bora ni msingi wa mafanikio katika uzalishaji na hata kwa washika dau.

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 (1) na wakurugenzi wengine saba (7) ambao sio watendaji.

Kila mwanahisa ambaye anamiliki asilimi 12.5 ana haki ya kumchagua Mkurugenzi.

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 pamoja katika Bodi, na kuhakikisha kuwa hakuna mtu mmoja anayehodhi madaraka ya kuamua.

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 mitatu kufuatana na kanuni za Kampuni. Bodi ndiyo yenye mamlaka ya kuthibitisha wakurugenzi ambao wamechaguliwa kutokana na mapendekezo ya mamati ya uteuzi.

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 yanayoigusa Kampuni.

Corporate Governance

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 is the responsibility of the Managing Director, Jürg Flühmann.

Company Secretary
All directors have access to the advice and services of the Company Secretary, 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:

Jürg Flühmann	-	Chairman
Mwanaidi Maajar	-	Member
Prof. Samuel Wangwe	-	Member
Venance Ngula	-	Member

A Nomination Committee has been established being chaired by the Managing Director Jürg Flühmann. 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
Jürg Flühmann	-	Member
Mwanaidi Maajar	-	Member
Peter Temu	-	Member

The committee's primary objective is to review the position of the numerous court cases and litigations 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 meeting.

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

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 Mtendaji, Jürg Flühmann.

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 mbalimbali kuhusu mabadiliko ama masuala ya sheria yanayoihusu kampuni.

Kamati ya Uteuzi
Wajumbe:

Jürg Flühmann	- Mwenyekiti
Mwanaidi Maajar	- Mjumbe
Prof.Samuel Wangwe	- Mjumbe
Venance Ngula	- Mjumbe

Kamati ya uteuzi imeundwa ikiwa chini ya uenyekiti wake Mkurugenzi Mtendaji Jürg Flühmann. 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 watarajiwa walio na sifa ya wadhifa huo pamoja na kupendekeza majina ya Wakurugenzi wapya kwenye Bodi ya Wakurugenzi.

Kamati ta Nidhamu
Wajumbe:

Venance Ngula	- Mwenyekiti
Jürg Flühmann	- Mjumbe
Mwanaidi Maajar	- Mjumbe
Peter Temu	- Mjumbe

Jukumu la awali la kamati hiyo ni kupitia hali ya kesi mbalimbali 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.

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

Corporate Governance

Audit Committee

Members:

Prof. Samuel Wangwe	- Chairperson
Karl Meissner-Roloff	- Member
Dave King	- Member
Venance Ngula	- 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 meets twice a year.

Remuneration Committee

Members:

Mwanaidi Maajar	- Chairperson
Dave King	- Member
Karl Meissner-Roloff	- Member
Prof. Samuel Wangwe	- Member

The purpose of the remuneration committee is to consider, investigate, review and recommend for board approval any material changes to the company's existing remuneration policy, the employees share scheme and incentive bonus scheme with the objective of ensuring that the company's employee remuneration accords with remuneration practice in Tanzania and supports the company's commitment to attracting and retaining high performing people.

The remuneration committee will also review, on an annual basis, the Managing Director's remuneration package, Directors' remuneration and overall annual remuneration increases proposed for the company.

The remuneration committee meets at least once per annum.

Utawala wa Kampuni

Kamati ya Ukaguzi wa Mahesabu

Wajumbe:

Prof. Samuel Wangwe	- Mwenyekiti
Karl Meissner – Roloff	- Mjumbe
Dave King	- Mjumbe
Venance Ngula	- Mjumbe

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

Mkataba wa kamati hiyo umeweka bayana na 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 amabzo zitawasaidia kutekeleza majukumu yao.

Kamati hiyo hukutana mara mbili kwa mwaka.

Kamati ya Mafao

Wajumbe:

Mwanaidi Maajar	- Mwenyekiti
Dave King	- Mjumbe
Karl Meissner – Roloff	- Mjumbe
Prof. Samuel Wangwe	- Mjumbe

Madhumuni ya kamati hii ya mafao ni kufuatilia, kuchunguza na kupitia mabadiliko muhimu katika mfumo wa mafao yote ya Kampuni kwa lengo la kuhakikisha kwamba ulipaji wa mafao hayatofautiani na mfumo uliopo Tanzania na mfumo huo unasaidia kampuni kuvutia na kuhakikisha wachapakazi wanaendelea kufanya kazi na kampuni.

Kamati ya mafao pia hupitia kila mwaka, mafao ya Mkurugenzi Mtendaji, Wakurugenzi na ongezeko la mafao la kila mwaka kwa wafanyakazi wa kampuni.

Kamati ya mafao hukaa angalau mara moja kwa mwaka.

Corporate Governance

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.

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 organization's operations. Every assignment is followed by detailed reports to management including recommendations on aspects requiring improvement. Significant findings are reported to the audit committees.

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 December 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 Ndani
Huduma hii ya ukaguzi wa ndani unakodishwa kutoka nje ya Kampuni. Majukumu ya huduma hii ni pamoja na kuhakiki mfumo wa ndani wa fedha za kampuni ili kuhakikisha kwamba kampuni haiingii katika hasara na inazingatia misingi ya utawala bora.

Lengo la ukaguzi wa mahesabu ya ndani ni kusaidia utawala katika kufanya kazi yake kufuatiwa 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.

Wakaguzi wa Mahesabu wa Nje
Wakaguzi wa mahesabu wa nje wana jukumu la kutoa mapendekezo yao juu ya hesabu za Kampuni katika kikao cha mwaka.

Wakaguzi wa mahesabu wa nje huhudhuria vikao vya kamati ya ukaguzi wa mahesabu ya Tanga Cement Company Limited.

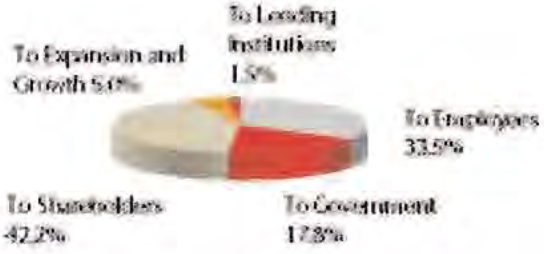
Wakurugenzi, Maafisa, na Masuala ya Hisa
Tanga Cement Company ina utaratibu wa kufunga mahesabu yake katika kipindi maalum kilichowekwa au mwishoni mwa mwaka wa fedha kabla taarifa hiyo ya fedha haijachapishwa katika taarifa yake ya mwaka. Kwa kawaida mahesabu hayo hufungwa tarehe 1 mwezi wa Desemba na tarehe 1 mwezi wa Juni.

Katika vipindi hivyo Wakurugenzi, maafisa na waajiriwa wa kampuni hawajihusishi na masuala ya hisa, ama masuala yoyote yanayohusika na hisa za kampuni

Uhusiano kati ya wawekezaji na wadau
Tanga Cement Company 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.

Wenye hisa wanakaribishwa kuhudhiria mikutano mikuu ya mwaka ya kampuni ili kukutana na wajumbe wa Bodi pamoja na kujadiliana masuala mbalimbali na Wakurugenzi wake.

Value added 2004



Value added 2003

Value added statement

for the year ended 31 December 2004

	2004 TSHS. 000	%	2003 TSHS .000	%
Value added				
Gross turnover	54,352,098		52,456,929	
Other income	321,202		165,222	
Other operating expenditure	(38,518,201)		(37,039,551)	
	16,155,099	100%	**15,582,600**	100%
Value allocated				
To Employees	**5,416,493**	33.5	**4,656,250**	29.9%
To Government	**2,868,645**	17.8	**3,538,182**	22.7%
Company Tax	2,868,645		3,538,182	
To Shareholders	**6,812,800**	42.2	**4,838,999**	31.0%
Cash Dividend	6,812,800		4,838,999	
To Lending Institutions	**244,821**	1.5	**104,584**	0.7%
To Expansion and Growth	**812,340**	5.0	**2,444,585**	15.7%
-Depreciation	1,108,181		906,093	
-Retained Income for the year	(295,841)		1,538,492	
	16,155,099	100%	**15,582,600**	100%

Ongezeko la thamani 2004

Ongezeko la thamani 2003

Taarifa ya ongezeko la thamani

Kwa mwaka uliolishia tarehe 31 Desemba 2004

	2004 TSHS. 000	%	2003 TSHS. 000	%
Ongezeko la thamani				
Mapato ya pamoja	54,352,098		52,456,929	
Mapato mengineyo	321,202		165,222	
Gharama nyingine za uendeshaji	(38,518,201)		(37,039,551)	
	16,155,099	100%	**15,582,600**	100%
Thamani iliyogawanywa				
Kwa wafanyakazi	**5,416,493**	33.5	**4,656,250**	29.9%
Kwa serikali	**2,868,645**	17.8	**3,538,182**	22.7%
	2,868,645		3,538,182	
Kwa wanahisa	**6,812,800**	42.2	**4,838,999**	31.0%
	6,812,800		4,838,999	
Kwa wakopeshaji	**244,821**	1.5	**104,584**	0.7%
Kwa upanuzi na ukuaji	**812,340**	5.0	**2,444,585**	15.7%
-Uchakavu	1,108,181		906,093	
-Mapato yaliyobakizwa kwa Mwaka	(295,841)		1,538,492	
	16,155,099	100%	**15,582,600**	100%

Directors, Officers and Administration

Directors
Mr. D. J. King (Chairman)
Mr. J. Flühmann (Managing Director-appointed 7th September 2004)
Mr. L. E. Hooper (Managing Director-Resigned 7th September 2004)
Mr. K. W. Meissner- Roloff
Mr. V. F. Ngula
Dr. P. E. Temu
Mrs. M. S. Maa'ar
Prof. S. M. Wangwe

Secretary
Mr. E. L. Moul
Tanga Cement Company Limited
Pongwe Factory Area
P.O. Box 5053
Tanga

Auditors
Ernst & Young
Utalii House
P.O. Box 2475
Dar Es Salaam

Registered Office & Principal Place of Business
Head office
Tanga Cement Company Limited
Pongwe Factory Area
P.O. Box 5053
Tanga

Bankers
NBC Ltd
P.O. Box 5031
Tanga

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

Citibank Tanzania Limited
Peugeot House
P.O. Box 71625
Dar Es Salaam

Report of the Directors

for the year ended 31 December 2004

The Directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2004, 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 46 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 50.

Solvency
The Company's state of affairs at 31 December 2004 is set out on page 48 of these financial statements. The directors consider the company solvent.

Administrative matters
The Company is capable of handling all administrative matters.

Dividend
The Directors declared the payment of an interim dividend for 2004 of TShs 28.00 (2003 TShs 21.00). The Directors propose a final dividend of TShs 23.00 for the year ended 31 December 2004 (2003 final dividend approved TShs 79.00).

Share capital
The total issued share capital amounts to 63,671,045 ordinary shares.

The two-year 'vesting period' in terms of the rules of the Employee Share Trust expired on 26 September 2004. Consequently employees sold 1,822,700 shares through the DSE to the Tanzanian general public and institutions.

The shareholding of the Company as of 31 December 2004 is as stated below:

	2004 % Shareholding	2005 % Shareholding
Holcim (Mauritius) Investment Holdings Limited	62.5	62.5
Tanzania General Public, Institutions	35.4	32.5
Employees' Share Trust	2.1	5.0
Total	**100**	**100**

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

Name	Nationality
Mr. D.J. King (Chairman)	South African
Mr. J. Flühmann (Managing Director)	Swiss (Appointed 7th September 2004)
Mrs. M. S. Maajar	Tanzanian
Mr. K. Meissner-Roloff	South African
Mr. V. F. Ngula	Tanzanian
Dr. P. E. Temu	Tanzanian
Prof. S. M. Wangwe	Tanzanian

Report of the Directors (continued)

Directors' interest in the shares of the company

The Directors' shareholding in the Company is as follows:

Dr. P.E. Temu	55,000 shares
Mr.V.F. Ngula	50,000 shares
Prof. S. M. Wangwe	2,000 shares

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 judgments and estimates have been made in the preparation of the financial statements for the year ended 31 December 2004.

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 frauds and other irregularities.

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

The company's internal financial controls 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.

Report of the Directors (continued)

Directors' interest in the shares of the company

The Directors' shareholding in the Company is as follows:

Dr. P.E. Temu	55,000 shares
Mr.V.F. Ngula	50,000 shares
Prof. S. M. Wangwe	2,000 shares

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 judgments and estimates have been made in the preparation of the financial statements for the year ended 31 December 2004.

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The company's internal financial controls 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.

Taarifa ya Wakurugenzi wa bodi

Wakurugenzi
Wafuatao ni wakurugenzi wa kampuni wakati wa kutoa taarifa hii:

Jina	Uraia
D.J. King (Mwenyekiti)	Afrika ya Kusini
J. Flühmann (Mkurugenzi Mtendaji)	Mswisi (Alichaguliwa 07.09.04)
M.S. Maajar	Mtanzania
K. Meisser-Roloff	Afrika ya Kusini
V.F. Ngula	Mtanzania
P.E. Temu	Mtanzania
S.M. Wangwe	Mtanzania (Alichaguliwa 16.5.03)

Maslahi ya Wakurugenzi kwenye Hisa za kampuni
Zifuatazo ni hisa zinazomilikiwa na Wakurugenzi wa Kampuni:

P.E. Temu	55,000 Hisa
V.F.Ngula	50,000 Hisa
Profesa S.M. Wangwe	2,000 Hisa

Majukumu ya Wakurugenzi
Sheria ya makampuni inawataka Wakurugenzi kutengeza taarifa za fedha katika kila mwaka wa fedha ambayo inaonyesha hali halisi ya mizania 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 hii ya fedha kwa mwaka ulioshia 31 Desemba 2004. Wakurugenzi wanathibitisha tena kwamba viwango vinavyokubaliwa vimefuatwa na taarifa hii ya fedha imetengenezwa kwa kuzingatia dhana ya uhai wa biashara.

Wakurugenzi wanawajibika kutunza kumbukumbu za uhasibu, kulinda mali za kampuni na kuzuia na kugundua ubadhilifu 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 zilizojitokeza kwa Wakurugenzi kuashiria udhaifu wa mfumo huo kuitendaji katika mwaka husika.

Accounting Policies

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 52 to 54 are subject to an annual review to ensure continuing compliance with good accounting practice.

Investments
Information regarding the company's interests in associate companies is given in the notes to the financial statements.

Acquisitions and Disposals
There were no material disposals during the year. For acquisition refer to Note 10 and 11 to the financial statements.

Quality
The Company has formal quality assurance accreditation programme, with all operations following the ISO 9002 route.

Employees
The average number of employees during the year was 327 (2003 – 322)

Health and Safety
The company holds a 4-star NOSA rating. The company continues the health and safety awareness campaign as an on-going process.

Environmental
The Company has a formal environmental control accreditation programme, with all operations following the ISO 14001 route.

Auditors
Ernst & Young are the Company's statutory auditors.

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

Approval of financial statements
The financial statements were approved at the meeting of the Directors held on 15th February 2005.

By order of the Board

Date: 15th February 2005

Dave King
Chairman

Jürg Flühmann
Managing Director

Sera za Uhasibu

Sera za Uhasibu
Taarifa hii ya hesabu za mwaka imetengenezwa kwa kuzingatia dhana ya uhai wa biashara na dhana ya ongezeko la gharama za huduma iliyokwisha tolewa lakini bado haijalipiwa.

Sera za uhasibu za kampuni, ambazo zimetajwa kwenye ukurasa wa 54 na 56 zinamwelekeo wa mabadiliko kila mwaka kuhakikisha ziko sambamba na utendaji wa kiuhasibu.

Kitega Uchumi
Habari kuhusu nafasi ya kampuni katika kampuni shiriki imetolewa katika kumbukumbu za pembeni za taarifa hii ya mwaka wa hesabu.

Manunuzi na Mauzo ya Mali ya kudumu
Hakuna mauzo ya thamani kubwa ya mali za kudumu yaliyotokea katika mwaka. Kwa manunuzi angalia kifungu kidogo cha 10 na 11 cha hesabu hizi.

Ubora
Kampuni ina mpango mahususi wa uthibitisho wa ubora unaotambuliwa, shughuli zote zinafuata maelezo ya ISO 9002.

Wafanyakazi
Wastani wa wafanyakazi katika mwaka ilikuwa ni wafanyakazi 327 (2003- 322).

Afya na Usalama
Kampuni inashikilia 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
Ernst & Young ndio wakaguzi wa mahesabu ya Kampuni.

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

Uthibitisho wa Mahesabu
Taarifa hii ya fedha ilithibitishwa kwenye kikao cha Bodi ya Wakurugenzi kilichofanyika tarehe
15 Februari 2005.

Kwa idhini ya Bodi
15 Februari 2005

Dave King
Mwenyekiti

Jürg Flühmann
Mkurugenzi mtendaji

Report of the Auditors

to the members of:
Tanga Cement Company Limited

We have audited the financial statements of TANGA CEMENT COMPANY LIMITED set out on pages 46 to 68. The financial statements are in agreement with the accounting records and we obtained the information and explanations we considered necessary for our audit.

Respective responsibilities of directors and the auditors
The financial statements are the responsibility of the company's directors. Our responsibility is to express our opinion on the financial statements based on our audit.

Basis of opinion
We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform our audit so as to obtain a reasonable assurance that the financial statements are free from material misstatements. An audit includes, examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of significant estimates and judgment made by the directors of Tanga Cement Company Limited in the preparation of the financial statements and whether the accounting policies are appropriate in the company's circumstances, consistently applied and adequately disclosed.

Opinion
In our opinion, financial statements, in all material respects, give a true and fair view of the state of the financial affairs of the company at 31 December 2004 and of its profits and cash flows for the year then ended in accordance with the International Financial Reporting Standards and in compliance with the requirements of the Companies Ordinance (Cap 212).

Ernst & Young
Certified Public Accountants
Dar es Salaam

15 February 2005

Taarifa ya Wakaguzi

kwa wanahisa
Tanga Cement Company Limited

Tumekagua hasabu za Tanga Cement Company zilizoko kwenye ukurasa wa 7 hadi wa 25. Taarifa za hesabu zinalingana na kumbukumbu za uhasibu, na tumepata taarifa na maelezo yote tuliyoamini kuwa ni muhimu kwenye ukaguzi wetu.

Wajibu wa Wakurugenzi na Wakaguzi
Wakurugenzi wa kampuni wanawajibika na taarifa za fedha. Wajibu wetu ni kutoa maoni juu ya taarifa hizi yanayotokana na ukaguzi wetu.

Msingi wa Maoni
Tumefanya ukaguzu wetu kufuatana na viwango vya kimataifa vya ukaguzi. Viwango hivyo vinatuagiza kupanga na kufanya ukaguzi ili kuwa na uhakika kuwa taarifa za fedha hazikupotoshwa. Ukaguzi hujumuisha uchunguzi na upekuzi kwa kutumia sampuli, vielelezo vinavyoodhibitisha tarakimu zilizoonyeshwa kwenye hesabu. Pia ukaguzi unajumuisha tathimini ya makadirio na maamuzi yaliyofanywa na wakurugenzi wa Tanga Cement Company Limited wakati wa kuandaa taarifa za fedha na kuhakikisha kuwa sera za kihasibu ni sahihi katika mazingira ya kampuni husika, na sera hizo zimekuwa zikitumika kila mwaka mfululizo na kuwekwa bayana kwenye taarifa za fedha.

Maoni
Kwa maoni yetu hesabu hizi zinaonyesha hali halisi ya fedha ya kampuni, pamoja na faida iliyopatikana na mtiririko wa fedha kwa kipindi cha mwaka uliioishia tarehere 31 Desemba 2004 kufuatana na matakwa ya viwango vya kimataifa vya taarifa za fedha na zinaendana na matakwa ya sheria ya makampuni (CAP 212).

Ernst & Young
Certified Public Accountants
Dar es Salaam

15 February 2005

Income Statement

for the year ended 31 December 2004

	Notes	2004 Tshs' 000	2003 Tshs' 000 (Restated)
Turnover		54,352,098	50,888,160
Cost of sales	2	25,366,956	26,390,759
Distribution Cost		14,085,498	9,459,702
Gross profit		**14,899,644**	**14,497,699**
Other operating income	4	78,451	70,715
Selling and administrative expenses	5	4,482,240	3,736,669
Depreciation and amortization	10	1,108,181	906,246
Net profit before dividends and tax	**6**	**9,387,674**	**9,925,499**
Income from associate companies	8	242,751	128,840
Finance cost	7	(244,821)	(104,398)
Net profit before dividends and tax		**9,385,604**	**9,949,941**
Taxation	9	2,868,645	3,538,182
Net profit after tax		**6,516,959**	**6,411,759**
Basic earning per share (TShs)	12	102	101

The notes on pages 52 to 68 form part of the financial statements. Auditors' report on page 44

Taarifa ya Mapato

mwaka wa fedha uishao 31 Desemba 2004

	Kumbukumbu za pembeni	2004 Tshs' 000	2003 Tshs' 000 (Restated)
Mapato		54,352,098	50,888,160
Gharama za mauzo	2	25,366,956	26,930,759
Gharama za usambazaji		14,085,498	9,459,702
Faida Ghafi		**14,899,644**	**14,497,699**
Mapato mengineyo	4	78,451	70,715
Gharama za mauzo na uongozi	5	4,482,240	3,736,669
Gharama za uchakavu wa mali	10	1,108,181	906,246
Faida ya biashara	**6**	**9,387,674**	**9,925,499**
Mapato kutoka vitega uchumi	8	242,751	128,840
Gharama za usimamizi wa fedha	7	(244,821)	(104,398)
Faida ya biashara		9,385,604	9,949,941
Kodi	9	2,868,645	3,538,182
Faida baada ya kodi		**6,516,959**	**6,411,759**
Pato la hisa la kawaida (TShs)	12	102	101

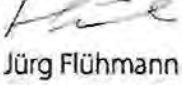
Balance Sheet

at 31 December 2003

ASSETS	Notes	2004 Tshs' 000	2003 Tshs' 000 (Restated)
Non current assets			
Property,plant and equipment	10	10,093,875	9,531,486
Intangible asset	11	199,187	-
Due from Employees' Share Purchase trust	13	282,761	858,666
Investment in associates	14	272,231	189,480
		10,848,054	**10,579,632**
Current assets			
Inventories	15	7,994,245	6,391,707
Accounts Receivable	16	5,902,827	6,536,610
Cash resources	17	2,226,758	5,992,212
		16,123,830	**18,920,529**
TOTAL ASSETS		**26,971,884**	**29,500,161**
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued share capital	18	1,273,421	1,273,421
Non distributable reserves		3,414,492	3,572,078
Retained earnings		15,855,775	15,928,826
		20,543,688	**20,774,325**
Non current Liabilities			
Provision for site restoration	19	37,440	34,320
Deferred tax provison	9	2,197,635	2,114,930
		2,235,075	**2,149,250**
Current liabilities			
Accounts payable	20	3,940,180	5,402,416
Taxation payable	21	252,941	1,174,170
		4,193,121	**6,576,586**
TOTAL EQUITY AND LIABILITIES		**26,971,884**	**29,500,161**

These financial statements were approved by the Board of Directors on 15th February 2005 and signed on its behalf by:

Dave King
Chairman



Jürg Flühmann
Managing Director

The notes on pages 52 to 68 form part of the financial statements. Auditors' report on page 44

Mizania ya Kampuni

tarehe 31 Desemba 2003

	Kumbukumbu za pembeni	2004 Tshs' 000	2003 Tshs' 000
Mali			
Mali za muda mrefu	10	10,093,875	9,531,486
Mali za kudumu	11	199,187	-
Mali isiyotambulikana	13	282,761	858,666
Mali toka mfuko wa wanafanyakazi	14	272,231	189,480
		10,848,054	**10,579,632**
Mali za muda mfupi			
Mali za kuuzwa	15	7,994,245	6,391,707
Wadaiwa	16	5,902,827	6,536,610
Akiba ya fedha	17	2,226,758	5,992,212
		16,123,830	**18,920,529**
JUMLA YA MALI			
MTAJI NA THIMA		**26,971,884**	**29,500,161**
Mtaji na Mapato yaliyobakizwa			
Hisa zilizotolewa	18	1,273,421	1,273,421
Akiba isiyogawanywa		3,414,492	3,572,078
Mapato yaliyobakizwa		15,855,775	15,928,826
		20,543,688	**20,774,325**
Madeni ya muda mrefu			
Tathmini ya kukarabati eneo	19	37,440	34,320
Tathmini ya kodi isiyosogezwa mbele	9	2,197,635	2,114,930
		2,235,075	**2,149,250**
Madeni ya muda mfupi			
Madeni ambayo hayajalipwa	20	3,940,180	5,402,416
Kodi ambayo haijalipwa	21	252,941	1,174,170
		4,193,121	**6,576,586**
JUMLA YA MTAJI NA DHIMA		**26,971,884**	**29,500,161**

Bodi ya Wakurugenzi imeidhinisha taarifa ya mahesabu tarehe 15 Februari 2005 na kutiwa sahihi kwa niaba ya Bodi na:

Dave King
Mwenyekiti

Jürg Flühmann
Mkurugenzi Mtendaji

Cash Flow statement

for the year ended 31 December 2004

	Notes	2004 Tshs' 000	2003 Tshs' 000 (Restated)
CASHFLOW FROM OPERATING ACTIVITIES			
Cash generated from operating activities	22a	7,825,214	8,617,803
Investment income	8	242,751	128,840
Income taxes paid	22b	(3,641,965)	(3,255,024)
Ordinary dividends paid		(6,812,800)	(4,838,999)
Net cash (used in) generated from operations		**(2,386,800)**	**652,620**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of plant and equipment		1,155	1,712
Purchase of plant and equipment		(1,633,938)	(607,857)
Purchase of intangible assets		(239,025)	-
Increase in cost of Associates		(82,751)	(169,080)
Net cash flow from investing activities		**(1,954,559)**	**(775,225)**
FINANCING ACTIVITIES			
Employees Share Trust		575,905	215,413
Net cash flow from financing activities		**575,905**	**215,413**
(Decrease)/Increase in cash and cash equivalents		**(3,765,454)**	92,808
Cash and cash equivalents at the beginning of the year		**5,992,212**	5,899,404
Cash and cash equivalents at the end of the year	**17**	**2,226,758**	**5,992,212**

The notes on pages 52 to 68 form part of the financial statements. Auditors' report on page 44.

Statement of Changes in Equity

for the year ended 31 December 2004

	Notes	Ordinary Share TShs'000	Non Distributable TShs'000	Distributable TShs'000	Total TShs'000
Balance as at 1 January 2003		1,273,421	3,822,205	14,001,134	19,096,760
Dividends paid		-	-	(4,838,999)	(4,838,999)
Attributable earnings		-	-	6,411,759	6,411,759
Transfer from deferred taxation		-	104,805	-	104,805
Transfers		-	(354,932)	354,932	-
Balance at 31 December 2003		**1,273,421**	**3,572,078**	**15,928,826**	**20,774,325**
Balance as at 1 January 2004		1,273,421	3,572,078	15,928,826	20,774,325
Dividends paid		-	-	(6,812,800)	(6,812,800)
Attributable earnings		-	-	6,516,959	6,516,959
Transfer from deferred taxation		-	65,204	-	65,204
Transfers		-	-222,790	222,790	-
Balance at 31 Deecember 2004		**1,273,421**	**3,414,492**	**15,855,775**	**20,543,688**

The notes on pages 52 to 68 form part of the financial statements. Auditors' report on page 44.

Notes to the financial Statements

for the year ended 31 December 2004

1. Principal accounting

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 International Financial Reporting Standards. They have been prepared on the historical cost accounting basis modified to include revaluation of property, plant and equipment. No other adjustments have been made for inflationary factors affecting the statements.

In the prior years, the company complied with all the International Financial Reporting Standards except for IAS 28, Investment in Associates whereby the company used to account for these at cost. The effect of the change is indicated in note 14 (c) to the financial statements.

(b) Revenue recognition

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

Dividends are recognized when the right to receive the dividend income is established.

Interest is recognized 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 recognized in

the income statement 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 basis 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%
• Motor vehicle	3.33% - 12.5%
• Fixtures, fittings and equipment	3.33% - 33.33%

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 on assets acquired during the second half of the year or disposed off during the first half of the year.

(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 the income statement is based on the expected life of the quarry and is included in operating expenditure.

(g) Investments

The investments in the associates are accounted for under the equity method, which represent a change in accounting policy (see note 14). Investment in the associates was initially recognized at cost. Using the equity method the carrying amount was decreased or increased to recognize the company's share of the profit or losses of the associates after the date of acquisition.

Distributions received from the associate reduce the carrying amount of the investment.

Where the company's share of the associated company loss equals or exceeds its interest in the associated company, the company does not recognize further losses.

Notes to the financial Statements

continued

Adjustment to the carrying amount may also be necessary for changes in the company's proportionate interest in the associates arising from changes in the associates' equity that have not been recognized by the associates' profit or loss. The company's share of those changes is recognized directly to equity.

(h) Inventory

Inventory is valued at the lower of cost, established on a first-in, first-out basis, and net realizable value. Estimated net realizable value is the net estimated selling price in the ordinary course of the business less any costs of completion and disposals.
Cost is determined on the following basis:

- Raw mate rials and consumable stores are valued on a first-in, first-out basis.
- Finished goods and work in progress are valued at raw materials cost plus labour cost and appropriate portion of related fixed and variable overhead manufacturing expenses based on normal capacity.

(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 on call with the banks net of bank overdraft.

(k) Royalties

Royalties, payable to the Ministryof Energy and Mnerals, included under the cost of sales, are calculated based on quantities of limestone and red soil crushed/hauled c uring the year under review.

(l) Impairment of Assets

The carrying amounts of tangible and intangible assets are rev i ewed at each balance sheet date to dete rmine whether there is objective evidence that an asset or a group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is dete rmined and an impairment loss recognized for the c ifference between the recoverable amount and the carrying amount.

(m) Taxation Normal tax

The company provides for corporation tax at rates prescribed by legislation from time to time. The current rate of taxation is 30%.

Deferred tax
Deferred tax liabilities are recognised, using the full liability method, for all taxable temporary differences (unless the liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and at that time affects neither accounting profits nor taxable profits.)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

		2004 TShs'000	2003 TShs'000
2	**Cost of Sales**		
	Direct Costs	3,541,975	2,150,699
	Raw materials	14,929,990	14,946,889
	Intermediary Products	6,894,991	8,629,704
	Factory overheads	**25,366,956**	**25,727,292**
3	**Royalties**	32,539	35,647
	Limestone	4,829	2,232
	Red Soil	**37,368**	**37,879**
4	**Other Operating Income**	80,502	71,906
	Other income	(2,051)	(1,004)
	Profit on sale of equipment and vehicles	**78,451**	**70,902**

Notes to the financial Statements

continued

		2004 TShs'000	2003 TShs'000
5	**Selling and administrative expenses**		
	Selling expenses	899,603	829,988
	Administrative expenses	3,582,637	2,906,681
		4,482,240	**3,736,669**
6	**NET PROFIT FROM OPERATIONS**		
	Net profit from operations is after charging:		
	Auditors' remuneration:		
	Audit fees		
	- external	46,202	21,921
	- internal	24,313	9,605
	Directors' remuneration		
	- Director's fees	57,374	68,206
	Management fees to Holcim	156,364	293,119
	holcim group free	812,463	761,882
	Staff costs:		
	- Service costs	4,901,164	4,328,291
	- Defined contribution plan	515,328	327,960
	Depreciation and amortisation	**1,108,181**	**906,246**
7	**Finance costs**		
	Foreign exchange losses	244,821	104,584
8	**Income from Associates**		
	Dividend redeived		
	- Cement Distributers (East Africa) Limited	120,000	94,320
	- East Africa Rail Haulliers Limited	40,000	-
		160,000	**94,320**

		2004 TShs'000	2003 TShs'000
8	**Income from Associates**		
	Dividend received	50,426	34,520
	- Cement Distributers (East Africa) Limited	32,325	-
	- East Africa Rail Haulliers Limited	**242,751**	**128,840**
9	**Taxation**		
	Normal Corporation taxation		
	Current	2,720,736	3,402,317
	Deferred tax charge on accelerated wear and tear	147,909	135,865
		2,868,645	**3,538,182**
	Deferred taxation		
	Arising on accelerated capital allowances		
	Opening balance	659,610	523,745
	Charge for the year	147,909	135,86
	Closing balance	**807,519**	**659,610**
	Arising on revaluation of plant and machinery		
	Opening Balance - restated	1,455,320	1,560,125
	Transfer to non distributable reserves	(65,204)	(104,805)
	Closing Balance	**1,390,116**	**1,455,320**
	Total Deferred Taxation	**2,197,635**	**2,114,930**
	Tax rate reconciliation	**%**	**%**
	Standard rate of Tanzania normal taxation	**30**	**30**
	The standard rate has been affected by:		
	- Expenses not deductible for tax purposes	1.64	7.67
	- Tax exempt income	(1.05)	(0.5)
	- Income taxed at reduced rate	0.01	(1.46)
	- Prior years capital allowances disallowed		0.01
		30.60	35.72

Notes to the financial Statements

continued

10 Property, Plant and Equipment

	Leasehold Land and Buildings TShs'000	Plant and Machinery TShs'000	Motor Vehicles TShs'000	Furniture Fittings & Equipment TShs'000	Capital Work in Progress TShs'000	Total TShs'000
At 1 January 2004	2,577,403	13,698,697	683,879	770,378	1,134,586	18,864,944
Additions	65,203	323,704	223,062	-	1,260,994	1,872,963
Transfers	28,787	676,452	52,155	-	(996,419)	(239,025)
Disposals	-	-	(48,566)	-	-	(48,566)
At 31 December 2004	**2,671,393**	**14,698,853**	**910,530**	**770,378**	**1,399,161**	**20,450,315**
Cost	1,862,405	5,043,499	739,635	720,291	1,399,161	9,764,991
Revaluation – 1996	808,988	9,655,354	170,895	50,087	-	10,685,324
Total	**2,671,393**	**14,698,853**	**910,530**	**770,378**	**1,399,161**	**20,450,315**
Depreciation						
At 1 January 2004	1,535,035	6,705,283	356,469	736,670	-	9,333,457
Charge for the year	71,248	891,701	87,528	17,866	-	1,068,343
Disposals	-	-	(45,360)	-	-	(45,360)
At 31 December 2004 Depreciation	**1,606,283**	**7,596,984**	**398,637**	**754,536**	**-**	**10,356,440**
Net book value At 31 December 2004	**1,065,110**	**7,101,869**	**511,893**	**15,842**	**1,399,161**	**10,093,875**
At 31 December 2003	**1,042,368**	**6,993,414**	**327,410**	**33,708**	**1,134,586**	**9,531,486**

Information relating to property, plant and equipment:

1) The property, plant and equipment are used as security for facilities provided by the NBC Limited and Standard Chartered Bank Limited, refer note 25. The property, plant and equipment to the value of TShs 1.381 billion are also security for a bank facility for Cement Distributors East Africa Limited that Tanga Cement Company Limited guaranteed.

Notes to the financial Statements

continued

An amount advanced to Tanga Cement Employees' Share Trust, established under a registered Trust Deed to purchase 2,983,552 shares of the total shares issued (63,671,045 shares) of Tanga Cement Company Limited (TCCL) 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) in 2002 at a price of TShs 360 each to eligible employees of the company.

The employees were granted loans from the Trust to purchase the shares at the offer price of TShs 360 per share. Such loans are interest free and have no fixed term of repayment.

The two-year "vesting period" in terms of the rules of the Employee Share Trust expired on 26th September 2004. Consequently employees sold 1,822,700 shares through the DSE to the Tanzanian
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.

Notes to the financial Statements

continued

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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.

	2004 TShs'000	2003 TShs'000 (restated)
14 Investment in Associates		
Unlisted shares at cost	154,960	154,960
Share of post acquisition reserves	117,271	34,520
	272,231	**189,480**

(a) The company owns 20% in Cement Distributors (East Africa) Limited's total ordinary shares in issue. The associate's principal activity is the distribution of cement produced by Tanga Cement. Summary of financial information of Cement Distributors (East Africa) Limited.

	2004 Un-audited TShs'000	2003 Audited TShs'000
Share Capital	102,000	102,00
Accumulated profit	425,276	215,856
Fixed Asset	208,756	29,565
Net current Asset	1,336,083	396,794
Profit after taxation	**660,050**	**491,353**

(b) The company owns 20% in East African Rail Hauliers Limited total ordinary shares issued. The principle activity of the associate is the rail transportation of cement manufactured by Tanga Cement Company Limited in Tanzania Mainland. Summary of financial information of East African Rail Hauliers Limited

	2004 TShs'000	2003 TShs'000
Share Capital	659,375	659,375
Accumulated profit	175,051	(316,239)
Fixed Asset	3,352,668	2,997,437
Net current Asset	111,318	(77,856)
Profit after taxation	**691,291**	**(316,239)**

(c) Change in accounting policy

The accounting policy for investment in associates was changed during the year from cost method to equitymethod in order to comply with IAS 28.

	2004 TShs'000	2003 TShs'000
Restatement of opening accumulated profit in respect of prior year adjustment :		
Increase in accumulated profit	117,271	34,520
Adjustment for prior year profit	(34,520)	-
Net change	**82,75**	**34,520**

15 Inventories

Raw materials	944,824	1,307,303
Semi finished and finished products	1,699,862	1,378,997
Fuels	455,973	142,025
Parts and consumables	4,893,586	3,563,382
Goods in transit	-	-
	7,994,245	**6,391,707**

	2004 TShs'000	2003 TShs'000
16 Accounts receivable		
Accounts receivable	2,940,160	3,165,670
Prepaid expenses	1,234,051	2,111,849
Other receivables	1,728,616	1,259,091
	5,902,827	**6,536,610**
17 Cash Resource		
Cash and bank balance	2,280,682	5,992,212
Bank overdraft	(53,924)	-
	2,226,758	**5,992,212**
18 Share Capital		
Authorised		
63,671,045 Ordinary shares of TShs 20 each	**1,273,421**	**1,273,421**
Issued and fully paid		
63,671,045 Ordinary shares of TShs 20 each	**1,273,421**	**1,273,421**
The proportion of shareholding is as follows:	%	%
Holcim (Mauritius) Investment Holdings Limited	62.5	62.5
Tanga Cement Employee Share Ownership Trust	2.1	4.7
Tanzania General Public	35.4	32.8
	100.0	**100.0**
19 Provision for site restoration		
Site restoration costs	34,320	31,200
Movement during the year	3,120	3,120
	37,440	**34,320**

This is based on the estimated net present value of cash outflows that will be required to restore the environment. The provision is assessed on an annual basis.

Notes to the financial Statements

continued

	2004 TShs'000	2003 TShs'000
20 Accounts payable		
Accounts payable	(416,183)	1,584,957
Freight clearing	84,656	54,820
Other payables	4,271,707	3,762,639
	3,940,180	**5,402,416**
21 Taxation payable		
The movement in the provision for taxation payable during the period is as follows		
Taxation payable brought forward	1,174,170	1,026,877
Payment made during the year	(3,641,965)	(3,255,024)
Current year provision	2,720,736	3,402,317
Taxation payable carried forward	**252,941**	**1,174,170**
22 Notes to the Cash Flow Statement		
a 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.	9,387,674	9,925,499
Adjusted for:		
Depreciation	1,108,181	906,093
Loss/(profit) on sale of asset	2,051	1,004
Site restoration	3,120	3,120
Transfer	-	4,000
Foreign exchange (losses)	(244,821)	(104,584)
Operating profit before working capital changes	**10,256,205**	**10,735,471**

	2004 TShs'000	2003 TShs'000
(Increase)/decrease in inventory	(1,602,538)	(1,047,852)
Increase in accounts receivable	633,783	(129,054)
(Decrease)/increase in accounts payable	(1,462,236)	(9,407,627)
Cash generated from operating activities	**7,825,214**	**8,617,803**
b Dividend Paid		
Ordinary dividend (note 23)	**6,812,800**	**4,838,999**

23 Dividend

Final dividend 2003 - TShs 79 per share	5,030,011	3,501,907
Interim dividend 2004 - TShs 28 per share	1,782,789	1,337,092
	6,812,800	**4,838,999**

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

24 Capital Commitments

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

Approved but not contracted for	**597,850**	**1,143,000**
Approved and contracted for	**5,406,065**	**-**
Rental/ lease commitments - current	**111,338**	**284,692**

Notes to the financial Statements

continued

25 Interest bearing loans and borrowings

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

Name of Holder	Facility	Utilised	Repayment/ Settlements terms	Security (see note)
NBC Limited				
Overdraft (TShs '000)	2,600,000	-	On demand	i & ii
Standard Chartered Bank Tanzania Limited				
Overdraft (TShs '000)	1,000,000	-	On demand	iii & iv
Revolving loan (TShs'000)	1,000,000	-	Full repayment after 90 days with an option to roll over.	iii & iv
Letter Of Credit (US$)	2,000,000	-	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 TShs 830 million issued by the compa ny in favour of NBC 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 TShs 5,450 million.

(iv) Legal mortgage charge over Title No 1802 registered in the name of Tanga Cement Factory Mawen for TShs 1,450 million (Shared pari passu with NBC Limited.)
As at year-end non of these facilities were in use apart from letter of credit.

26 Related Party Transactions

(a) 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 TShs 400 per ton.

Transactions with the associate in the current year were as follows:

	2004 TShs'000	2003 TShs'000
Sales	**24,503,710**	**14,480,986**
Technical fees received	**55,029**	**71,684**

(b) The company utilises the railway facilities of Trans Africa Railway Corporation Tanzania Limited, through its associate East African Rail Hauliers Limited for the transportation of cement to upcountry markets at agreed rates.

(c) East African Rail Hauliers Limited, a company in which Tanga Cement Company Limited owns 20% of the issued share capital. The company commenced operations in December 2003. Its business is to provide rail services exclusively to Tanga Cement Company Limited for the transportation of cement into mainland Tanzania according to a commercial contract signed between the two parties.

Transactions with the associate in the one month period are as follows:

Haulage fees	**1,636,540**	**136,380**

(d) The Company pays fees to the immediate holding company, Holcim (Mauritius) Investment Holdings Limited as follows:

(i) A fixed monthly management fee of US$ 11,500 net of withholding tax. This amounted to TShs 156,363,905 and TShs 293,119,378 for the years 2004 and 2003 respectively.

(ii) A group management fee is calculated at 1.5% of turnover per formula in the management contract. This amounted to TShs 837,106,000 and TShs 761,882,933 for the years 2004 and 2003 respectively.

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

	2004 TShs'000	2003 TShs'000
Due from related Company		
Cement Distributors East Africa Limited	1,827,045	1,272,840
Due to related Company		
Holcim Limited - Management fees	53,003	108,937
Holcim Limited - Group fees	369,274	169,604
Cement Distributers (East Africa) Limited	108,038	-
Holcim (South Africa) (Pty) Limited	627,266	393,013
	1,157,581	**671,554**

Notes to the financial Statements

continued

27 Contingent Liabilities

(a) There are several court cases instituted against the company by some of its ex-employees whose services ceased as part of a specific redundancy exercise. These ex-employees are claiming various termination employment benefits aggregating to over TShs 3.5 billion.

In one of the cases, involving 53 ex employees, who are claiming Tshs 1,251,693,779, the court had ruled in the employees' favour in October 2004 but the company appealed against the ruling and was asked to pay a security deposit of Tshs 5 billion which it also appealed against and got a ruling on stay of execution. The outcome of the case can only be determined when ruling is delivered.

(b) Security granted to Cement Distributors (East Africa) Limited
The company provided security to the value of USD 1.3million for a NBC Limited loan taken by its associate, Cement Distributors (East Africa) Limited (CDEAL) - the liability will only crystallize in the event that CDEAL fails to repay the loan.

28 Holding Company

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

29 Incorporation

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

30 Currency

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

Corporate Information

TANGA CEMENT
BUILDING TANZANIA

Registered Office
Tanga Cement Company Limited
Pongwe Factory Area, P.O. Box 5053 Tanga
E-mail: info@simbacement.co.tz
Certificate of Incorporation No. 5068
Registered on 10 November 1973

ERNST & YOUNG

External Auditors
Ernst & Young
Utali House
P.O. Box 2475,
Dar es Salaam

TANGA CEMENT
BUILDING TANZANIA

Company Secretary and Share Registrar
Emil Moul
Tanga Cement Company Limited
Pongwe Factory Area, P.O. Box 5053 Tanga
Tel. 27 2644500/1/2 Fax: 27 2646148
E-mail: emoul@simbacement.co.tz

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

Notice to Shareholders

Notice is hereby given that the Eleventh Annual General Meeting of the Shareholders of Tanga Cement Company Limited will be held at Mövenpick Royal Palm Hotel in Dar Es Salaam on Friday 13th May 2005 at 15h00 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 10th Annual General Meeting held on 14th May 2004, 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 2004.

4. Dividend for the twelve months ended 31 December 2004
To confirm the declaration of the dividend for the twelve months ended 31st December 2004.

5. Retirement of Directors
To receive any resignations, or retirement 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 2005.

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
15th February 2005

To:.....

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

Proxy Form

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, 13th May 2005, at Mövenpick Royal Palm Hotel, Dar es Salaam, or at any adjournment thereof

As witness my/our hand/s this.....

day of.....2005.

.....
(Signature/s)

Notes:

TANGA CEMENT COMPA

TANGA CEMENT

BUILDING TANZANIA

SIMBA CEMENT

Head Office:
Tanga Cement Company Limited, Pongwe Factory Area, P.O.Box 5053 Tanga, Tanzania
Email: tccltan@tanga.net

Dar es Salaam Offices:
50 Mirambo Street, P.O.Box 78478 Dar es Salaam, Tanzania
Tel: +255 22 2120135, Fax: +255 22 2119569, Email: info@simbacement.co.tz